helios towers

Interim Financial Statements 30 June 2018

Creating a platform for sustainable growth

Expanding mobile horizons

Helios Towers (HT) owns and operates telecommunications towers and passive infrastructure in four high-growth African markets.

Operating and Financial Review

03 Key quarterly highlights
04 Key strengths and investment case
05 Quarter-on-quarter comparison

Condensed Interim Financial Statements

10 Condensed interim financial statements
11 Independent review report to Helios Towers Ltd
12 Condensed consolidated statement of profit or loss and other comprehensive income
13 Condensed consolidated statement of financial position
14 Condensed consolidated statement of changes in equity
15 Condensed consolidated statement of cash flows
16 Notes to the condensed interim financial statements
28 Certain defined terms and conventions
30 Officers and professional advisors

Key quarterly highlights

Financial – Quarter ending 30 June

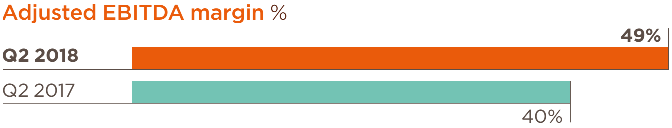
Revenue US$m

+4%

Adjusted EBITDA US$m

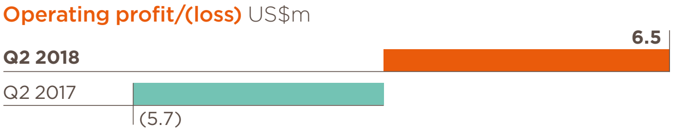
+27%

Adjusted EBITDA margin %



+9 percentage points

Operating profit/(loss) US$m



Operational – as at 30 June

Total sites

+0%

Total colocations

+4%

Tenancy ratio[1]

+2%

The key highlights are presented for the quarter ended 30 June 2018 in comparison to the quarter ended 30 June 2017.

(1) Tenancy ratio is defined in the Certain defined terms and conventions section.

"Helios Towers has produced another strong quarter which has seen continued adjusted EBITDA growth with adjusted EBITDA margin at 49% for Q2, and we have the momentum to hit 50% in the near term."

Kash Pandya, Chief Executive Officer

Helios Towers has a strong platform for profitable growth, with leading positions in high-growth markets

We are supported by our extensive asset base, a pioneering business excellence and innovation programme, deep and long-term client relationships, high barriers to entry and a favourable regulatory environment.

Market leader in three out of our four countries

Helios Towers is the market leader in Tanzania (63% market share[1]), the Democratic Republic of the Congo (63%) and Congo Brazzaville (49%). We are also the sole independent owner/operator in those territories.

In our other market, Ghana, we enjoy a strong urban presence, and with it excellent growth prospects driven by higher voice and data usage.

By entering our markets early, we created a legacy advantage of owning the most attractive sites in the prime urban areas. We have built on that strength with our skills in reliable power management and tower planning/deployment, setting a high barrier to entry.

(1) By number of marketable towers

Quarter-on-quarter comparison

For the purpose of the Operating and Financial Review section of this report, the analysis of the Group's financial results and performance has largely been performed on a quarterly basis as the Group reports its results quarterly. A quarterly analysis is considered more appropriate and meaningful. Other sections of this interim report present a continuing view of the group's financial position.

Condensed consolidated statement of profit or loss

For the 6 months ended 30 June 2018

	6 months ended 30 June		3 months ended 30 June	
	2018 US$'000	2017 Restated (IFRS 16) US$'000	2018 US$'000	2017 Restated (IFRS 16) US$'000
Revenue	178,128	168,996	89,183	85,971
Cost of sales	(130,890)	(134,705)	(65,051)	(64,757)
Gross profit	47,238	34,291	24,132	21,214
Administrative expenses	(49,320)	(48,969)	(18,008)	(27,174)
(Loss)/profit on disposal of property, plant and equipment	(6)	206	370	295
Operating (loss)/profit	(2,088)	(14,472)	6,494	(5,665)
Investment income	464	93	278	44
Other gains and losses	(24,097)	–	(14,700)	–
Finance costs	(55,516)	(63,737)	(30,049)	(22,589)
Loss before tax	(81,237)	(78,116)	(37,977)	(28,210)
Tax expense	(2,113)	(1,062)	(762)	(499)
Loss for the period	(83,350)	(79,178)	(38,739)	(28,709)

Key metrics

	Group		Tanzania		DRC		Congo Brazzaville		Ghana	
	2018 US$m	2017 US$m	2018 US$m	2017 US$m	2018 US$m	2017 US$m	2018 US$m	2017 US$m	2018 US$m	2017 US$m
Revenue for the quarter	$89.2	$86.0	$37.6	$34.4	$35.1	$35.8	$5.9	$5.8	$10.6	$10.0
Gross margin[1]	62%	55%	63%	54%	58%	54%	71%	61%	67%	52%
Sites at beginning of the quarter	6,485	6,507	3,495	3,472	1,767	1,852	384	387	839	796
Sites at quarter end	6,533	6,501	3,508	3,475	1,771	1,836	384	384	870	806
Tenancies at beginning of the quarter	13,063	12,617	7,457	7,207	3,330	3,222	525	522	1,751	1,666
Tenancies at quarter end	12,996	12,701	7,475	7,210	3,347	3,280	532	524	1,642	1,687
Tenancy ratio at quarter end	1.99x	1.95x	2.13x	2.07x	1.89x	1.79x	1.39x	1.36x	1.89x	2.09x
Adjusted EBITDA for the quarter[2]	$43.9	$34.6	$21.2	$15.9	$17.6	$16.9	$3.2	$2.3	$6.0	$4.1
Adjusted EBITDA Margin for the quarter	49%	40%	57%	46%	50%	47%	54%	40%	57%	40%

1 Gross margin means gross profit, add back site and warehouse depreciation, divided by revenue.

2 Group adjusted EBITDA for the quarter is stated after corporate costs of US$4.1 million.

Revenue

Revenue increased by 4% to US$89 million in the quarter ended 30 June 2018 from US$86 million in the quarter ended 30 June 2017. For the 6 month period ended 30 June, year on year, there was an increase of 5% from 2017 to 2018. The increase in revenue was largely driven by the increase in total tenancies from 12,701 as of 30 June 2017 to 12,996 as of 30 June 2018.

In addition, the increase has been partly driven by an increase in contractual escalations, and an increase in tenancy ratio from 1.95x as at 30 June 2017, to 1.99x as at 30 June 2018.

Quarter-on-quarter comparison (continued)

Cost of sales

(US$'000s)	6 months ended 30 June 2018	% of Revenue 2018	Restated (IFRS 16) 2017	% of Revenue 2017	3 months ended 30 June 2018	% of Revenue 2018	Restated (IFRS 16) 2017	% of Revenue 2017
Power	42,843	24.1%	48,883	28.9%	21,043	23.6%	24,921	31.1%
Non-power	26,214	14.7%	28,599	16.9%	12,751	14.3%	14,140	17.7%
Site depreciation	61,833	34.7%	57,223	33.9%	31,257	35.0%	25,696	32.1%
Total cost of sales	130,890	73.5%	134,705	79.7%	65,051	72.9%	64,757	80.9%

The table below shows an analysis of the cost of sales on a country-by-country basis for the six month period ended 30 June 2018 and 2017.

	Tanzania		DRC		Congo Brazzaville		Ghana	
	6 months ended 30 June		6 months ended 30 June		6 months ended 30 June		6 months ended 30 June	
(US$'000s)	2018	Restated (IFRS 16) 2017	2018	Restated (IFRS 16) 2017	2018	Restated (IFRS 16) 2017	2018	Restated (IFRS 16) 2017
Power	15,522	19,311	19,959	21,344	1,481	1,238	5,881	6,991
Non-power	12,316	12,462	9,182	11,231	2,665	2,747	2,050	2,157
Site depreciation	26,775	26,818	25,643	21,621	5,756	5,167	3,660	3,618
Total cost of sales	54,613	58,591	54,784	54,196	9,902	9,152	11,591	12,766

The table below shows an analysis of the cost of sales on a country-by-country basis for the three month period ended 30 June 2018 and 2017.

	Tanzania		DRC		Congo Brazzaville		Ghana	
	3 months ended 30 June		3 months ended 30 June		3 months ended 30 June		3 months ended 30 June	
(US$'000s)	2018	Restated (IFRS 16) 2017	2018	Restated (IFRS 16) 2017	2018	Restated (IFRS 16) 2017	2018	Restated (IFRS 16) 2017
Power	7,719	9,775	10,108	10,735	726	829	2,490	3,583
Non-power	6,141	5,957	4,643	5,545	981	1,436	986	1,201
Site depreciation	12,891	13,990	13,205	7,052	3,118	2,571	2,043	2,083
Total cost of sales	26,751	29,722	27,956	23,332	4,825	4,836	5,519	6,867

The quarter-on-quarter increase was 0.5% to US$65.1 million in the quarter ended 30 June 2018 from US$64.8 million in the quarter ended 30 June 2017. Gross margin for the quarter ended 30 June 2018 was 62%, compared to the quarter ended 30 June 2017 of 55%. The improvement in margin was primarily due to lower power costs, following operational improvements, both for the quarter and for the year to date. Overall decrease in cost of sales for the six month period ended 30 June 2018, compared to six months ended 30 June 2017, is due to the reduction in power and non-power costs.

Administrative expenses

Administrative expenses decreased by 33.7% to US$18.0 million in the quarter ended 30 June 2018 from US$27.2 million in the quarter ended 30 June 2017. This is due to a decrease in amortisation in relation to the non-compete agreement executed with Airtel. This agreement had a fair value of US$30 million and was effective from May 2016, and was fully amortised by July 2017. The year to date increase in administrative expenses from US$49.0 million as at 30 June 2017, to US$49.3 million as at 30 June 2018, is primarily due to the decrease for the quarter noted above, off-set with an exceptional items increase to US$18.6 million year to date, with the majority of this being related to the exploration of strategic options including, but not limited to, a listing on the London Stock Exchange (LSE). Exceptional items for the quarter ended 30 June 2017 were US$4.7 million.

(US$'000s)	6 months ended 30 June 2018	% of Revenue 2018	Restated (IFRS 16) 2017	% of Revenue 2017	3 months ended 30 June 2018	% of Revenue 2018	Restated (IFRS 16) 2017	% of Revenue 2017
Other administrative costs	24,609	13.8%	25,038	14.8%	12,270	13.8%	13,048	15.2%
Depreciation and amortisation	6,106	3.4%	19,260	11.4%	3,045	3.4%	9,455	11.0%
Exceptional items	18,605	10.4%	4,671	2.8%	2,693	3.0%	4,671	5.4%
Total administrative expense	49,320	27.6%	48,969	29.0%	18,008	20.2%	27,174	31.6%

Other gains and losses

Other gains and losses recognised in the quarter ended 30 June 2018 were US$14.7 million, compared to US$nil in the quarter ended 30 June 2017. This relates to a decrease in the fair value of the derivatives embedded in the terms of the bond.

Finance costs

Finance costs of US$30.0 million for the quarter ended 30 June 2018 mainly comprise of interest for the US$600 million 9.125% bond. The increase in foreign exchange differences is driven primarily by the Tanzanian Shilling. Deferred loan cost amortisation in the six months to 30 June 2017 related to loans which were refinanced by the Bond proceeds in March 2017. The decrease for the six months ended 30 June 2018, compared to 6 months ended 30 June 2017, is with respect to the deferred loan cost amortisation in 2017, off-set with the quarter-on-quarter increase in foreign exchange differences explained above.

	6 months ended 30 June		3 months ended 30 June	
	2018 US$'000	2017 Restated (IFRS 16) US$'000	2018 US$'000	2017 Restated (IFRS 16) US$'000
Foreign exchange differences	12,182	9,298	8,642	(1,048)
Interest cost	36,884	34,320	18,533	20,258
Interest cost on lease liabilities	6,450	6,666	2,874	3,379
Deferred loan cost amortisation	–	13,453	–	–
Total finance costs	55,516	63,737	30,049	22,589

Tax expense

Tax expense was US$0.8 million in the quarter ended 30 June 2018 as compared to US$0.5 million in the quarter ended 30 June 2017. The increase in the tax expense is primarily due to an additional tax levied against certain entities in Tanzania and DRC as stipulated by law in these jurisdictions, and Ghana has become tax paying during the period ended 30 June 2018.

Adjusted EBITDA

Adjusted EBITDA was US$43.9 million in the quarter ended 30 June 2018 compared to US$34.6 million in the quarter ended 30 June 2017, and US$85.9 million in the six month period ended 30 June 2018 compared to US$67.9 million in the six month period ended 30 June 2017. The increase in Adjusted EBITDA between periods is primarily attributable to the changes in revenue, cost of sales, and administrative expenses, as discussed above. See note 4 for more details.

Quarter-on-quarter comparison (continued)

Contracted Revenue

The following tables provide our total undiscounted contracted revenue by country and by key customer under agreements with our customers as of 30 June 2018 for each of the years from 2018 to 2022, with local currency amounts converted at the applicable spot rate for US dollars on 30 June 2018 held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed colocations described elsewhere in these financial statements, (iii) our customers do not utilise any cancellation allowances set forth in their MLAs and (iv) our customers do not terminate MLAs early for any reason. The first table presents the contracted revenue for the next five years. The second table presents the total lifetime contracted revenue.

	Year Ended 31 December				
(US$'000s)	2018	2019	2020	2021	2022
Tanzania	78,238	156,740	159,058	158,300	157,082
DRC	72,467	144,527	155,281	154,840	152,975
Congo Brazzaville	11,898	23,483	22,519	17,524	17,518
Ghana	19,369	39,078	38,483	36,220	31,819
Total	181,972	363,828	375,341	366,884	359,394

(US$'000s)	Total Committed Revenues	Percentage of Total Committed Revenues
Africa's Big-Five MNOs	2,674,513	82%
Other	604,985	18%
Total	3,279,498	100%

Condensed consolidated Statement of cash flow data

For the period ended 30 June

	6 months ended 30 June		3 months ended 30 June	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Loss for the period before tax	(81,237)	(78,116)	(37,977)	(28,210)
Net cash generated from operating activities	21,821	29,599	23,758	19,953
Net cash (used in) investing activities	(57,865)	(59,457)	(36,211)	(32,669)
Net cash (used in)/generated from financing activities	(9,295)	164,031	(3,463)	(10,292)
Net (decrease)/increase in cash and cash equivalents	(45,339)	134,173	(15,916)	(23,008)
Cash and cash equivalents, beginning of period	119,700	133,737	89,848	288,789
Foreign exchange translation movement	(404)	(215)	25	1,914
Cash and cash equivalents, end of period	73,957	267,695	73,957	267,695

As at 30 June 2018 we had US$74.0 million of cash and cash equivalents.

Net cash generated from operating activities increased from US$19.9 million generated during the quarter ended 30 June 2017 to US$23.8 million generated during the quarter ended 30 June 2018. The increase in net cash generated from operating activities between periods was primarily driven by an improvement in operating profit for the period.

Net cash used in investing activities increased from US$32.7 million during the quarter ended 30 June 2017 to US$36.2 million during the quarter ended 30 June 2018. The increase in net cash used in investing activities between quarters was mainly the result of acquisition of property, plant and equipment in the quarter ended 30 June 2018.

Net cash used in financing activities improved from a use of US$10.3 million during the quarter ended 30 June 2017 to a use of US$3.5 million during the quarter ended 30 June 2018. The improvement in net cash used in financing activities between quarters was primarily the result of costs incurred on refinancing the Group in 2017, and lower repayment of lease liabilities.

Capital expenditures
For the 6 month period ended 30 June

	2018		2017	
	US$'000	% of Total Capex	US$'000	% of Total Capex
Acquisition	2.0	2.8%	4.7	7.5%
Growth	36.3	51.5%	12.9	20.5%
Upgrade	21.4	30.4%	31.5	50.2%
Maintenance	9.6	13.6%	11.9	19.0%
Corporate	1.2	1.7%	1.8	2.8%
Total	70.5	100.0%	62.8	100.0%

The increase in growth capital expenditure for the period ended 30 June 2018 is following advance purchases for the rest of 2018 placed in the 6 months ended 30 June 2018. There is continued investment in the tower strengthening and upgrade programmes as well as the continued roll out of colocation tenants.

Off-Balance Sheet arrangements
We do not have any off-balance sheet arrangements.

Indebtedness
As of 30 June 2018 and 31 December 2017 the HT Group's outstanding loans and borrowings, excluding lease liabilities, were US$600.6 million (net of issue costs) and US$598.4 million respectively. For more details, see note 13 to the condensed consolidated interim financial statements for the period ended 30 June 2018.

On 8 March 2017, HT Group Limited, a wholly owned subsidiary of HT Ltd, issued US$600 million of 9.125% bonds due 2022 which are listed on the Irish Stock Exchange. Interest is payable semi-annually, beginning 8 September 2017. Third party loans were settled from the bond proceeds on 8 March 2017.

Material recent developments
There were no material recent developments during the quarter ended 30 June 2018.

Condensed interim financial statements

Independent review report to Helios Towers Ltd

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th June 2018 which comprises the condensed consolidated statement of profit or loss, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the consolidated cash flow statement, and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting".

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Reading, United Kingdom
14 August 2018

Condensed consolidated statement of profit or loss and other comprehensive income

For the 6 months ended 30 June 2018

	Note	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June Restated (IFRS 16) 2017 US$'000	Unaudited 3 months ended 30 June 2018 US$'000	Unaudited 3 months ended 30 June Restated (IFRS 16) 2017 US$'000
Revenue		178,128	168,996	89,183	85,971
Cost of sales		(130,890)	(134,705)	(65,051)	(64,757)
Gross profit		47,238	34,291	24,132	21,214
Administrative expenses		(49,320)	(48,969)	(18,008)	(27,174)
(Loss)/profit on disposal of property, plant and equipment		(6)	206	370	295
Operating (loss)/profit		(2,088)	(14,472)	6,494	(5,665)
Investment income		464	93	278	44
Other gains and losses	16	(24,097)	–	(14,700)	–
Finance costs	5	(55,516)	(63,737)	(30,049)	(22,589)
Loss before tax		(81,237)	(78,116)	(37,977)	(28,210)
Tax expenses	6	(2,113)	(1,062)	(762)	(499)
Loss for the period		(83,350)	(79,178)	(38,739)	(28,709)
Other comprehensive loss/(profit):					
Items that may be reclassified subsequently to profit and loss:					
Exchange differences on translation of foreign operations		(391)	2,859	(2,629)	(2)
Total comprehensive loss for the period		(83,741)	(76,319)	(41,368)	(28,711)
Loss attributable to:					
Owners of the Company		(83,350)	(68,506)	(38,739)	(25,137)
Non-controlling interests		–	(10,672)	–	(3,572)
Loss for the period		(83,350)	(79,178)	(38,739)	(28,709)
Total comprehensive loss attributable to:					
Owners of the Company		(83,741)	(66,333)	(41,368)	(25,139)
Non-controlling interests		–	(9,986)	–	(3,572)
Total comprehensive loss for the period		(83,741)	(76,319)	(41,368)	(28,711)

The notes on pages 16 to 27 form part of these financial statements.

Condensed consolidated statement of financial position

As at 30 June 2018

	Notes	Unaudited 30 June 2018 US$'000	Audited 31 December 2017 US$'000
Non current assets			
Intangible assets	7	15,696	17,961
Property, plant and equipment	8a	703,162	705,700
Right-of-use assets	8b	114,369	115,302
Investments in subsidiaries		132	132
Derivative financial assets	9	–	23,917
		833,359	863,012
Current assets			
Inventories		12,114	9,538
Trade and other receivables	10	122,028	108,491
Prepayments		22,478	23,403
Cash and cash equivalents	11	73,957	119,700
		230,577	261,132
Total assets		1,063,936	1,124,144
Equity			
Issued capital and reserves			
Share capital	12	909,154	909,154
Share premium		186,951	186,951
Stated capital		1,096,105	1,096,105
Other reserves		(12,778)	(12,778)
Translation reserve		(80,044)	(79,653)
Accumulated losses		(828,839)	(741,757)
Total equity		174,444	261,917
Non current liabilities			
Loans	13	583,357	581,100
Long-term lease liabilities	15	97,106	96,097
Derivative financial liabilities	9	180	–
		680,643	677,197
Current liabilities			
Trade and other payables	14	171,632	147,324
Loans	13	17,254	17,254
Short-term lease liabilities	15	19,963	20,452
		208,849	185,030
Total liabilities		889,492	862,227
Total equity and liabilities		1,063,936	1,124,144

The notes on pages 16 to 27 form part of these financial statements.

Condensed consolidated statement of changes in equity

For the 6 months ended 30 June 2018

Unaudited	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Minority interest buy-out reserves US$'000	Translation reserves US$'000	Accumulated losses US$'000	Available to the owners of the parent US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2017	909,134	186,795	(11,693)	(54,429)	(77,486)	(544,355)	407,966	(36,322)	371,644
Loss for the period	–	–	–	–	–	(68,506)	(68,506)	(10,672)	(79,178)
Other comprehensive loss	–	–	–	–	2,859	–	2,173	686	2,859
Total comprehensive loss for the period	–	–	–	–	2,859	(68,506)	(66,333)	(9,986)	(76,319)
Balance at 30 June 2017	909,134	186,795	(11,693)	(54,429)	(74,627)	(612,861)	341,633	(46,308)	295,325
Issue of share capital	20	156	–	–	–	–	176	–	176
Acquisition of NCI	–	–	–	–	–	(36,658)	(36,658)	50,156	13,498
Premium on acquisition of NCI	–	–	–	–	–	(13,498)	(13,498)	–	(13,498)
Share issue costs	–	–	(1,085)	–	–	–	(1,085)	–	(1,085)
Minority buy-out reserves	–	–	–	54,429	–	(54,429)	–	–	–
Loss for the period	–	–	–	–	–	(24,311)	(24,311)	(3,945)	(28,256)
Other comprehensive loss	–	–	–	–	(5,026)	–	(4,340)	97	(4,243)
Total comprehensive loss for the period	–	–	–	–	(5,026)	(24,311)	(28,651)	(3,848)	(32,499)
Balance at 31 December 2017	909,154	186,951	(12,778)	–	(79,653)	(741,757)	261,917	–	261,917
Effect of transition to IFRS 9 at 1 January 2018	–	–		–	–	(3,732)	(3,732)	–	(3,732)
Loss for the period	–	–	–	–	–	(83,350)	(83,350)	–	(83,350)
Other comprehensive loss	–	–	–	–	(391)	–	(391)	–	(391)
Total comprehensive loss for the period	–	–	–	–	(391)	(83,350)	(83,741)	–	(83,741)
Balance at 30 June 2018	909,154	186,951	(12,778)	–	(80,044)	(828,839)	174,444	–	174,444

The notes on pages 16 to 27 form part of these financial statements.

Condensed consolidated statement of cash flows

For the 6 months ended 30 June 2018

	Unaudited 6 months ended 30 June		Unaudited 3 months ended 30 June	
	2018 US$'000	Restated (IFRS 16) 2017 US$'000	2018 US$'000	Restated (IFRS 16) 2017 US$'000
Cash flows generated from operating activities				
Loss for the period before taxation	(81,237)	(78,116)	(37,977)	(28,210)
Adjustments for:				
Other gains and losses	24,097	–	14,700	–
Finance costs	55,516	63,737	30,049	22,589
Investment income	(464)	(93)	(278)	(44)
Depreciation and amortisation	68,860	77,288	34,871	35,564
Loss/(profit) on disposal	6	(206)	(370)	(295)
Movement in working capital:				
Increase/(decrease) in inventories	22	(2,699)	(380)	(722)
(Increase)/decrease in trade and other receivables	(19,986)	6,679	(15,345)	4,215
(Increase)/decrease in prepayments	(2,821)	2,701	(2,440)	4,429
Increase/(decrease) in trade and other payables	9,577	(24,086)	5,301	(15,384)
Cash generated from operations	53,570	45,205	28,131	22,142
Interest paid	(31,749)	(14,562)	(4,373)	(1,263)
Tax paid	–	(1,044)	–	(926)
Net cash generated from operating activities	21,821	29,599	23,758	19,953
Cash flows from investing activities				
Payments to acquire property, plant and equipment	(56,407)	(57,905)	(35,940)	(32,176)
Payment to acquire intangible assets	(1,916)	(1,851)	(543)	(743)
Proceeds on disposal on assets	(6)	206	(6)	206
Interest received	464	93	278	44
Net cash (used in) investing activities	(57,865)	(59,457)	(36,211)	(32,669)
Cash flows from financing activities				
Borrowing drawdowns	–	600,000	–	–
Loan financing costs	–	(24,079)	–	(3,853)
Borrowing repayments	–	(402,863)	–	–
Repayment of lease liabilities	(9,295)	(9,027)	(3,463)	(6,439)
Net cash (used in)/generated from financing activities	(9,295)	164,031	(3,463)	(10,292)
Foreign exchange on translation movement	(404)	(215)	25	1,914
Net (decrease)/increase in cash and cash equivalents	(45,339)	134,173	(15,916)	(23,008)
Cash and cash equivalents at the beginning of period	119,700	133,737	89,848	288,789
Cash and cash equivalents at end of period	73,957	267,695	73,957	267,695

Notes to the condensed interim financial statements

Notes to the condensed interim financial statements

For the 6 months ended 30 June 2018

1. Authorisation of financial statements and statement of compliance with IFRS

Helios Towers, Ltd. trading as Helios Towers is a limited company incorporated and domiciled in the Republic of Mauritius. Helios Towers, Ltd. and its subsidiaries (collectively referred to as "the Group") condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The principal accounting policies adopted by the Group are set out in note 2.

2. Accounting Policies

Basis of preparation

The unaudited condensed set of financial statements included in the interim financial report has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRSs").

Accounting policies are consistent with those adopted in the last statutory financial statements and the audit opinion was unmodified. In addition, during the reporting period, the Group has adopted IFRS 9: Financial Instruments, as required from 1 January 2018.

The condensed set of financial statements included in the interim financial report has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The information as of 31 December 2017 has been extracted from the audited financial statements for the year ended 31 December 2017.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

These condensed financial statements do not constitute statutory financial statements under the Companies Act.

Going concern

The Directors believe that Helios Towers, Ltd. and its subsidiaries (collectively referred to as "the Group") is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

The Directors have looked at forecast compliance with covenants attached to the drawn loan facilities and have concluded that the Group should be able to operate within the level of its current committed facilities.

As part of their regular assessment of the Group's working capital and financing position, the directors have prepared a detailed trading and cash flow forecast for a period which covers at least 12 months after the date of approval of the interim financial statements. In assessing the forecast, the directors have considered:

- trading risks presented by the current economic conditions in the operating markets;
- the impact of macroeconomic factors, particularly interest rates and foreign exchange rates;
- the status of the Group's financial arrangements;
- progress made in developing and implementing cost reduction programmes and operational improvements; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary overheads and restricting cash outflows.

The directors have acknowledged the latest guidance on going concern. Management have considered the latest forecasts available to them and additional sensitivity analysis has been prepared to consider any reduction in anticipated levels of Adjusted EBITDA.

3. Segmental reporting

The following segmental information is presented in a consistent format with management information considered by the CEO of each operating segment, and the CEO and CFO of the Group, who are considered to be the chief operating decision makers (CODM). Operating segments are determined based on geographical location. All operating segments have the same business of operating and maintaining telecoms towers and renting space on such towers. Accounting policies are applied consistently for all operating segments. The segment operating result used by CODM is Adjusted EBITDA, which is defined in note 4.

6 months ended 30 June 2018	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	21,521	74,296	70,130	12,181	178,128	–	178,128
Gross margin[1]	63%	63%	59%	66%	61%	–	61%
Adjusted EBITDA	11,299	41,367	35,428	5,891	93,985	(8,046)	85,939
Adjusted EBITDA margin	53%	56%	51%	48%	53%	–	48%
Financing costs:							
Interest costs	(2,290)	(28,721)	(23,287)	(3,819)	(58,117)	14,783	(43,334)
Foreign exchange differences	(2,476)	(7,890)	472	(2,244)	(12,138)	(44)	(12,182)
Total financing costs	(4,766)	(36,611)	(22,815)	(6,063)	(70,255)	14,739	(55,516)

1 Gross margin means gross profit, add back site and warehouse depreciation, divided by revenue.

6 months ended 30 June 2017	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	19,747	67,948	70,124	11,177	168,996	–	168,996
Gross margin	54%	53%	54%	64%	54%	–	54%
Adjusted EBITDA	7,877	30,452	31,863	5,056	75,248	(7,382)	67,866
Adjusted EBITDA margin	40%	45%	45%	45%	45%	–	40%
Financing costs:							
Interest costs	(2,181)	(34,619)	(29,688)	(6,930)	(73,418)	18,491	(54,927)
Foreign exchange differences	(1,463)	(10,808)	(262)	3,660	(8,873)	(425)	(9,298)
Derivative financial instruments	–	(9)	(1,476)	–	(1,485)	1,973	488
Total financing costs	(3,644)	(45,436)	(31,426)	(3,270)	(83,776)	20,039	(63,737)

3 months ended 30 June 2018	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	10,641	37,551	35,069	5,922	89,183	–	89,183
Gross margin[1]	67%	63%	58%	71%	62%	–	62%
Adjusted EBITDA	6,048	21,214	17,554	3,206	48,022	(4,078)	43,944
Adjusted EBITDA margin	57%	57%	50%	54%	54%	–	49%
Financing costs:							
Interest costs	(1,116)	(16,421)	(11,729)	(1,627)	(30,893)	9,486	(21,407)
Foreign exchange differences	(2,696)	(3,722)	146	(3,785)	(10,057)	1,415	(8,642)
Total financing costs	(3,812)	(20,143)	(11,583)	(5,412)	(40,950)	10,901	(30,049)

1 Gross margin means gross profit, add back site and warehouse depreciation, divided by revenue.

3. Segmental reporting (continued)

3 months ended 30 June 2017	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	10,041	34,407	35,735	5,788	85,971	–	85,971
Gross margin	52%	54%	54%	61%	55%	–	55%
Adjusted EBITDA	4,024	15,889	16,898	2,320	39,131	(4,563)	34,568
Adjusted EBITDA margin	40%	46%	47%	40%	46%	–	40%
Financing costs:							
Interest costs	(1,084)	(14,307)	(17,733)	(2,066)	(35,190)	11,328	(23,862)
Foreign exchange differences	(121)	(993)	(202)	2,627	1,311	(263)	1,048
Derivative financial instruments	–	–	7	–	7	218	225
Total financing costs	(1,205)	(15,300)	(17,928)	561	(33,872)	11,283	(22,589)

Capital Additions, Depreciation and Amortisation

	6 months ended 30 June 2018		3 months ended 30 June 2018				
	Capital additions US$'000	Depreciation and Amortisation US$'000	Capital additions US$'000	Depreciation and Amortisation US$'000	31 December 2017 Capital additions US$'000	6 months ended 30 June 2017 Depreciation and Amortisation US$'000	3 months ended 30 June 2017 Depreciation and Amortisation US$'000
Ghana	7,104	4,010	1,894	1,830	13,228	3,573	2,017
Tanzania	21,593	25,810	12,160	13,337	66,273	24,429	11,531
Democratic Republic of Congo	38,176	28,204	21,950	13,628	80,887	25,392	11,034
Congo Brazzaville	2,549	5,926	580	2,768	10,209	5,365	1,969
Total operating company	69,422	63,950	36,584	31,563	170,597	58,759	26,551
Corporate	1,029	82	–	36	142	13,088	6,305
Total	70,451	64,032	36,584	31,599	170,739	71,847	32,856

Right-of-use assets

	6 months ended 30 June 2018		3 months ended 30 June 2018				
	Capital Additions US$'000	Depreciation US$'000	Capital Additions US$'000	Depreciation US$'000	31 December 2017 Capital additions US$'000	6 months ended 30 June 2017 Depreciation US$'000	3 months ended 30 June 2017 Depreciation US$'000
Ghana	538	357	132	161	532	336	170
Tanzania	2,153	2,807	429	1,360	7,611	3,123	1,549
Congo Brazzaville	368	325	–	76	466	413	190
Democratic Republic of Congo	1,490	1,573	118	803	5,212	1,569	799
Total	4,549	5,062	679	2,400	13,821	5,441	2,708

Notes to the condensed interim financial statements (continued)

For the 6 months ended 30 June 2018

4. Adjusted EBITDA

The segment operating result used by chief operating decision makers is Adjusted EBITDA.

Management define Adjusted EBITDA as loss for the period, adjusted for loss for the period from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, share-based payment charges, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions or successful tower acquisition transactions that cannot be capitalised and exceptional items. Exceptional items are items that are considered exceptional in nature by management by virtue of their size and/or incidence. Adjusted EBITDA is reconciled to loss before tax as follows:

	6 months ended 30 June		3 months ended 30 June	
	2018 US$'000	Restated (IFRS 16) 2017 US$'000	2018 US$'000	Restated (IFRS 16) 2017 US$'000
Adjusted EBITDA	85,939	67,866	43,944	34,568
Adjustments applied in arriving at Adjusted EBITDA				
Exceptional items:				
Tanzanian IPO[1]	–	(1,365)	–	(1,365)
Deal costs[2]	–	(3,306)	–	(3,306)
Litigation costs[3]	(3,950)	–	(2,692)	–
Exceptional project costs[4]	(14,655)	–	–	–
(Loss)/profit on disposals of assets	(6)	206	370	296
Other gains and losses	(24,097)	–	(14,700)	–
Recharged depreciation	(556)	(585)	(257)	(294)
Depreciation of property, plant and equipment	(64,713)	(60,292)	(32,832)	(27,529)
Amortisation of intangibles	(4,147)	(16,996)	(2,039)	(8,035)
Investment income	464	93	278	44
Finance costs	(55,516)	(63,737)	(30,049)	(22,589)
Loss before tax	(81,237)	(78,116)	(37,977)	(28,210)

1 Advisory and other costs relating to the Group's preparation for the IPO of its Tanzania subsidiary.
2 Deal costs in relation to aborted acquisitions.
3 Legal costs incurred in connection with a previously terminated equity transaction.
4 Exceptional project costs relate to the exploration of strategic options including, but not limited to, a potential London Stock Exchange (LSE) listing.

5. Finance costs

	6 months ended 30 June		3 months ended 30 June	
	2018 US$'000	Restated (IFRS 16) 2017 US$'000	2018 US$'000	Restated (IFRS 16) 2017 US$'000
Foreign exchange difference	12,182	9,298	8,642	(1,048)
Interest costs	36,884	34,320	18,533	20,258
Interest costs on lease liabilities	6,450	6,666	2,874	3,379
Deferred loan cost amortisation	–	13,453	–	–
	55,516	63,737	30,049	22,589

6. Tax expenses

	6 months ended 30 June		3 months ended 30 June	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Additional taxes	2,113	1,062	762	499

Though entities in Congo B, Tanzania and DRC have continued to be loss making, minimum income tax has been levied based on revenue as stipulated by law in these jurisdictions.

The Company was a Category 2 – Global Business Licence Company (C2-GBLC) during the current and preceding financial periods. C2-GBLC is not subject to any income tax in Mauritius.

The applicable tax rates for the Company's subsidiaries range from 20% to 40%.

7. Intangible assets

	Exclusivity right US$'000	Non-compete agreement US$'000	Computer software and licences US$'000	Total US$'000
Cost				
At 1 January 2018	35,000	30,000	15,165	80,165
Additions during the period	–	–	1,916	1,916
Disposals during the period	–	–	(22)	(22)
Foreign exchange	–	–	(149)	(149)
At 30 June 2018	35,000	30,000	16,910	81,910
Amortisation				
At 1 January 2018	(22,500)	(30,000)	(9,704)	(62,204)
Charge for period	(2,500)	–	(1,647)	(4,147)
Disposals during the period	–	–	2	2
Foreign exchange	–	–	135	135
At 30 June 2018	(25,000)	(30,000)	(11,214)	(66,214)
Net book value				
At 30 June 2018	10,000	–	5,696	15,696
At 31 December 2017	12,500	–	5,461	17,961

8a. Property, plant and equipment

	IT equipment US$'000	Fixtures and fittings US$'000	Motor vehicles US$'000	Site assets US$'000	Land US$'000	Leasehold improvements US$'000	Total US$'000
Cost							
At 1 January 2018	6,008	952	4,702	1,070,683	5,265	1,115	1,088,725
Additions during the period	3,966	67	234	62,055	2,051	162	68,535
Disposals during the period	–	–	(94)	(8,850)	–	–	(8,944)
Foreign exchange	(63)	(7)	(52)	(9,316)	(3)	(11)	(9,452)
At 30 June 2018	9,911	1,012	4,790	1,114,572	7,313	1,266	1,138,864
Depreciation							
At 1 January 2018	(3,214)	(697)	(2,803)	(375,903)	–	(408)	(383,025)
Charge for period	(972)	(100)	(367)	(58,106)	(2)	(105)	(59,652)
Disposals during the period	–	–	58	4,721	–	–	4,779
Foreign exchange	36	18	79	2,060	(2)	5	2,196
At 30 June 2018	(4,150)	(779)	(3,033)	(427,228)	(4)	(508)	(435,702)
Net book value							
At 30 June 2018	5,761	233	1,757	687,344	7,309	758	703,162
At 31 December 2017	2,794	255	1,899	694,780	5,265	707	705,700

Notes to the condensed interim financial statements (continued)

For the 6 months ended 30 June 2018

8b. Right-of-use assets

	Land US$'000	Buildings US$'000	Motor vehicles US$'000	Total US$'000
Cost				
At 1 January 2018	139,136	12,872	1,243	153,251
Additions	4,465	–	–	4,465
Effects of foreign currency exchange differences	(570)	–	–	(570)
At 30 June 2018	143,031	12,872	1,243	157,146
Depreciation				
At 1 January 2018	(28,232)	(8,595)	(1,122)	(37,949)
Charge for the period	(4,017)	(928)	(116)	(5,061)
Effects of foreign currency exchange differences	169	37	27	233
At 30 June 2018	(32,080)	(9,486)	(1,211)	(42,777)
Net book value				
At 30 June 2018	110,951	3,386	32	114,369
At 31 December 2017	110,904	4,277	121	115,302

9. Derivative financial instruments

The amounts recognised in the statement of financial position are as follows:

	30 June 2018 US$'000	31 December 2017 US$'000
Put and call options on listed bond	(180)	23,917

The derivatives represent the fair value of the put and call options embedded within the terms of the Notes. The call options give the Group the right to redeem the bond instruments at a date prior to the maturity date (8 March 2022), in certain circumstances and at a premium over the initial notional amount.

The put option provides the holders with the right (and the Group with an obligation) to settle the Notes before their redemption date in the event of a change in control (as defined in the terms of the Notes, which also includes a major asset sale), and at a premium over the initial notional amount. The options are fair valued using an option pricing model that is commonly used by market participants to value such options and makes the maximum use of market inputs, relying as little as possible on the entity's specific inputs and making reference to the fair value of similar instruments in the market. Thus, it is considered a level 2 financial instrument in the fair value hierarchy of IFRS 13.

The key assumptions in determining the fair value are, the initial fair value of the bond (assumed to be priced at 100% on issue date), the credit spread (derived using Bloomberg analytics at issuance and based on credit market data thereafter), the yield curve and the probabilities of a change in control (0% assumed) and a major asset sale (0% assumed). The probabilities relating to change of control and major asset sale represent a reasonable expectation of those events occurring that would be held by a market participant.

As at reporting date, the call option had a fair value of US$0.2 million liability while the put option had a fair value of US$0 million. During the six month period ended 30 June 2018, a US$24.1 million fair value adjustment was recognised through profit and loss.

10. Trade and other receivables

	30 June 2018 US$'000	31 December 2017 US$'000
Trade receivables	75,292	72,996
Allowance for doubtful debts[1]	(8,435)	(4,725)
	66,857	68,271
Trade receivable from related parties	21,811	9,436
	88,668	77,707
Other receivables	27,114	23,027
VAT & Withholding tax receivable	6,246	7,757
	122,028	108,491

1 The allowance for doubtful debts increase during the period is primarily due to transition to IFRS 9: Financial Instruments, effective 1 January 2018.

Trade receivables (as per the ageing analysis) represents the amounts which the Group does not consider as impaired as at the reporting date as there has not been a significant change in credit quality and the amounts are still considered as recoverable. Allowances for impairment losses are recognised on a case-by-case basis for each trade receivable. As at the reporting date, the allowances for impairment losses are not significant to the Group and will not affect the recoverability of the trade receivables amounts (as per the ageing analysis). Interest can be charged on past due debtors. The normal credit period of services is 30 days.

Trade and other receivables are classified as loans and receivables. These are initially recognised at fair value and subsequently at amortised cost.

Of the trade receivables balance at 30 June 2018: 46% (31 December 2017: 67%) is due from four of the Group's largest customers. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. The average trade receivables collection period is 32 days (31 December 2017: 44 days).

Ageing analysis of trade receivables not impaired:

	30 June 2018 US$'000	31 December 2017 US$'000
Not yet due	57,565	35,248
1–30 days	4,706	10,940
30–60 days	947	14,230
60–90 days	7,845	7,680
90+ days	17,605	9,609
	88,668	77,707

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

11. Cash and cash equivalents

	30 June 2018 US$'000	31 December 2017 US$'000
Bank balances	53,514	49,519
Short-term deposits	20,443	70,181
	73,957	119,700

Notes to the condensed interim financial statements (continued)

For the 6 months ended 30 June 2018

12. Share capital

The share capital as of 30 June 2018 was as follows:

	30 June 2018		31 December 2017	
	Number of shares	US$'000	Number of shares	US$'000
Authorised, issued and fully paid				
Ordinary share capital class A of US$1 per share	390,410,138	390,410	390,410,138	390,410
Ordinary share capital class C of US$100 per share	100	10	100	10
Ordinary share capital class D of US$1 per share	100	–	100	–
Ordinary share capital class G of US$1	518,714,176	518,714	518,714,176	518,714
Ordinary share capital class H of US$100	100	10	100	10
Ordinary share capital class Z of US$100	100	10	100	10
	909,124,714	909,154	909,124,714	909,154

There were no share issuances during the period ended 30 June 2018.

13. Loans

	30 June 2018 US$'000	31 December 2017 US$'000
Term loans		
US$600 million 9.125% senior notes 2022	600,611	598,354
	600,611	598,354
Current	17,254	17,254
Non-current	583,357	581,100
	600,611	598,354

On 8 March 2017, HTA Group Limited, a wholly-owned subsidiary of HT Ltd, issued US$600 million of 9.125% bonds due 2022 which are listed on the Irish Stock Exchange. Interest is payable semi-annually beginning on 8 September 2017. The bonds are guaranteed on a senior basis by the company, and certain of the HT Ltd subsidiaries. The proceeds of the issuance were used, among other things, to refinance existing indebtedness of the company's subsidiaries (HTT Infraco Limited, HT DRC Infraco S.A.R.L. and HT Congo Brazzaville Holding Limited).

Loans are classified as financial liabilities and measured at amortised cost.

14. Trade and other payables

	30 June 2018 US$'000	31 December 2017 US$'000
Trade payables	17,797	11,612
Amounts payable to related parties	197	1,617
Deferred income	47,604	40,482
Deferred consideration	9,432	12,946
Other payables and accruals	78,320	69,214
VAT & Withholding tax payable	18,282	11,453
	171,632	147,324

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 31 days (2017: 24 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Amounts payable to related parties are unsecured, interest free and repayable on demand.

15. Lease liabilities

	30 June 2018 US$'000	31 December 2017 US$'000
Short-term lease liabilities		
Land	19,021	18,828
Buildings	917	1,524
Motor vehicles	25	100
	19,963	20,452

	30 June 2018 US$'000	31 December 2017 US$'000
Long-term lease liabilities		
Land	95,456	94,088
Buildings	1,650	2,009
Motor vehicles	–	–
	97,106	96,097

The below undiscounted cash flows do not include escalations based on CPI or other indexes which change over time. Renewal options are considered on a case by case basis with judgements around the lease term being based on management's contractual rights and their current intentions.

The total cash paid on leases in the six month period was US$11.1 million (year ended 31 December 2017: US$25.8 million).

The profile of the outstanding undiscounted contractual payments fall due as follows:

	Within 1 year US$'000	2–5 years US$'000	5+ years US$'000	Total US$'000
30 June 2018	19,963	71,913	455,714	547,590
31 December 2017	20,452	72,120	443,261	535,833

16. Other gains and losses

	6 months ended		3 months ended	
	30 June 2018 US$'000	30 June 2017 US$'000	30 June 2018 US$'000	30 June 2017 US$'000
Fair value loss on derivative financial instruments	24,097	–	14,700	–

Notes to the condensed interim financial statements (continued)

For the 6 months ended 30 June 2018

17. Uncompleted performance obligations

The table below represent uncompleted performance obligations at the end of the reporting period. This is total revenue which is contractually due to the Group, subject to the performance of the obligation of the Group related to these revenues.

	30 June 2018 US$'000	31 December 2017 US$'000
Total contracted revenue	3,279,498	3,101,429

Contracted Revenue

The following table provides our total contracted revenue by country under agreements with our customers as of 30 June, 2018 for each of the five years from 2018 to 2022, with local currency amounts converted at the applicable spot rate for US dollars on 30 June, 2018 held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed colocations described elsewhere in these financial statements, (iii) our customers do not utilise any cancellation allowances set forth in their MLAs and (iv) our customers do not terminate MLAs early for any reason.

	Year Ended 31 December,				
(US$'000s)	2018	2019	2020	2021	2022
Tanzania	78,238	156,740	159,058	158,300	157,082
DRC	72,467	144,527	155,281	154,840	152,975
Congo Brazzaville	11,898	23,483	22,519	17,524	17,518
Ghana	19,369	39,078	38,483	36,220	31,819
Total	181,972	363,828	375,341	366,884	359,394

18. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the period, the Group companies entered into the following commercial transactions with related parties. Vodacom is no longer a related party as of October 2017.

	6 months ended 30 June 2018		6 months ended 30 June 2017	
	Income from leased towers US$'000	Purchase of goods US$'000	Income from leased towers US$'000	Purchase of goods US$'000
Millicom Holding B.V. and subsidiaries	33,580	389	28,673	243
Vodacom Group Limited and subsidiaries	–	–	42,227	1,330

The following amounts were outstanding at the reporting date:

	As at 30 June 2018		As at 31 December 2017	
	Amount owed by US$'000	Amount owed to US$'000	Amount owed by US$'000	Amount owed to US$'000
Millicom Holding B.V. and subsidiaries	19,843	197	7,375	228
Vodacom Group Limited and subsidiaries	–	–	2,070	–
Helios Towers Africa LLP	1,958	–	–	1,389

Millicom Holding B.V. is a shareholder of Helios Towers, Ltd.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the quarter, the Group received advisory services from Helios Towers Africa LLP, an entity in which the Group has no economic benefits for which fees of US$3.6m (30 June 2017: US$3.9m) were incurred.

At the period end, there was a receivable of US$2.0m (31 December 2017 payable: US$1.4m) from Helios Towers Africa LLP for management fees. Amounts outstanding to related parties carry an interest charge ranging from 0% to 15%.

Amounts receivable from the related parties related to other group companies are short term and carry interest varying from 0% to 15% per annum charged on the outstanding trade and other receivable balances (note 10).

19. Contingencies

In the year ended 31 December 2015, the Democratic Republic of Congo's National Tax Services issued an assessment against the Group for the financial years ended 31 December 2014 and 31 December 2015 of approximately US$3.4 million including interest and penalties. Also, in the year ended 31 December 2016, the Ghana Revenue Authority issued an assessment for the financial years ended 31 December 2010 to 31 December 2012 of approximately US$4.9 million for unpaid direct and indirect taxes.

The Directors have appealed against these assessments and together with their advisors are in discussion with the tax authorities to bring the matter to conclusion based on the facts.

The Directors, having taken advice as appropriate, believe that there is no merit to these assessments and accordingly will defend their position vigorously and do not believe there will be a material impact to the Group.

The Group did not make a provision in respect of these matters for the period ended 30 June 2018 or the year ended 31 December 2017.

20. Subsequent events

There are no material subsequent events to note.

21. Transition summary – IFRS 16

The tables below show the amount of adjustments for each financial statement line item affected by the application of IFRS 16 for the prior year comparatives.

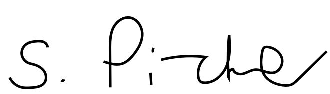
Statement of profit or loss

US$'000s	As reported 3 months to 30 June 2017	Change 2018	Restated 3 months to 30 June 2017	As reported 6 months to 30 June 2017	Change 2017	Restated 6 months to 30 June 2017
Revenue	85,971	–	85,971	168,996	–	168,996
Cost of sales[1]	(68,144)	3,387	(64,757)	(141,531)	6,826	(134,705)
Gross profit	17,827	3,387	21,214	27,465	6,826	34,291
Administrative expenses[2]	(26,848)	(326)	(27,174)	(48,268)	(701)	(48,969)
Loss on disposal of property, plant and equipment	295	–	295	206	–	206
Operating loss	(8,726)	3,061	(5,665)	(20,597)	6,125	(14,472)
Investment income	44	–	44	93	–	93
Finance costs[3]	(18,886)	(3,703)	(22,589)	(56,747)	(6,990)	(63,737)
Loss before tax	(27,568)	(642)	(28,210)	(77,251)	(865)	(78,116)
Tax expenses	(499)	–	(499)	(1,062)	–	(1,062)
Loss after tax	(28,067)	(642)	(28,709)	(78,313)	(865)	(79,178)
Loss for the year	(28,067)	(642)	(28,709)	(78,313)	(865)	(79,178)

1 Net effect of the reversal of leases previously expensed as operating leases, offset by a right-of-use asset depreciation charge for land.
2 Net effect of the reversal of leases previously expensed as operating leases, offset by a right-of-use asset depreciation charge for buildings and motor vehicles.
3 Interest charges and FX impact in relation to long-term lease liabilities.

The interim financial statements for the period ended 30 June 2018 have been authorised for issue on 14 August 2018.

Kashyap Pushpkant Pandya



Simon David Pitcher

Certain defined terms and conventions

We have prepared the interim report using a number of conventions, which you should consider when reading information contained herein as follows:

All references to "we", "us", "our", "HT Group", our "Group" and the "Group" are references to Helios Towers, Ltd. (the "Company") and its subsidiaries taken as a whole.

"**Adjusted EBITDA**" as loss for the period, adjusted for loss for the period from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, share-based payment charges, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions or successful tower acquisition transactions that cannot be capitalised, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence.

"**Adjusted EBITDA margin**" as Adjusted EBITDA divided by revenue.

"**Africa's Big-Five MNO's**" means Airtel, MTN, Orange, Tigo and Vodacom.

"**Airtel**" means Bharti Airtel International.

"**capital expenditures**" the additions of property, plant and equipment.

"**CODM**" Chief Operating Decision Maker.

"**colocation tenant**" means each additional tenant on a tower in addition to the primary anchor tenant.

"**Company**" means Helios Towers, Ltd.

"**Congo Brazzaville**" means the Republic of Congo, Congo Brazzaville or Congo.

"**contracted revenue**" means revenue contracted under our site agreements under all total tenancies, assuming no escalation of maintenance fees and no renewal upon the expiration of the current term.

"**DRC**" means Democratic Republic of Congo.

"**Ghana**" means the Republic of Ghana.

"**gross debt**" as our total borrowings (non-current loans and current loans) excluding unamortised loan issue costs.

"**Gross margin**" means gross profit, add back site and warehouse depreciation, divided by revenue.

"**Helios Towers Ghana**" means Helios Towers Ghana Limited.

"**Helios Towers Tanzania**" or "**HTT**" means Helios Towers Tanzania Limited.

"**HT Congo Brazzaville**" means HT Congo Brazzaville Holdco Limited.

"**IBS**" means in-building cellular enhancement.

"**IFRS**" means International Financial Reporting Standards.

"**ISA**" means individual site agreement.

"**maintenance capital expenditures**" as capital expenditures for periodic refurbishments and replacement of parts and equipment to keep existing sites in service.

"**maintained sites**" refers to sites that are maintained by the Company on behalf of a telecommunications operator but which are not marketed by the Company to other telecommunications operators for colocation (and in respect of which the Company has no right to market).

"**managed sites**" refers to sites that the Company currently manages but does not own due to either: (i) certain conditions for transfer under the relevant acquisition documentation, ground lease and/or law not yet being satisfied; or (ii) the site being subject to an agreement with the relevant MNO under which the MNO retains ownership and outsources management and marketing to the Company.

"**Mauritius**" means the Republic of Mauritius.

"**Millicom**" means Millicom International Cellular SA.

"**MLA**" means master lease agreement.

"**MNO**" means mobile network operator.

"**MTN**" means MTN Group Ltd.

"**net debt**" means gross debt less cash and cash equivalents.

"**Orange**" means Orange S.A.

"**SHEQ**" means Safety, Health, Environment and Quality.

"**site acquisition**" means a combination of MLAs, which provide the commercial terms governing the provision of tower space, and individual ISA, which act as an appendix to the relevant MLA, and include site-specific terms for each site.

"**site agreement**" means the MLA and ISA executed by us with our customers, which act as an appendix to the relevant MLA and includes certain site-specific information (for example, location and any grandfathered equipment).

"**SLA**" means service-level agreement.

"**Tanzania**" means the United Republic of Tanzania.

"**telecommunications operator**" means a company licensed by the government to provide voice and data communications services in the countries in which we operate.

"**tenancy**" means a space leased for installation of a base transmission site and associated antennas.

"**tenancy ratio**" means the total number of tenancies divided by the total number of our towers as of a given date and represents the average number of tenants per site within a portfolio.

“**Tigo**” refers to one or more subsidiaries of Millicom that operate under the commercial brand “Tigo”.

“**total colocations**” means total colocation tenants.

“**total sites**” means total live towers, IBS sites or sites with customer equipment installed on third-party infrastructure that are owned and/or managed by the Company with each reported site having at least one active customer tenancy as of a given date.

“**total tenancies**” means the individual tower occupancies by each customer as of a given date.

“**tower sites**” means ground-based towers and rooftop towers and installations constructed and owned by us on real property (including a rooftop) that is generally owned or leased by us.

“**US dollars**” or “**$**” refers to the lawful currency of the United States of America.

“**United States**” or “**US**” means the United States of America.

“**Vodacom**” means Vodacom Group Limited.

“**Vodacom Tanzania**” means Vodacom Tanzania Ltd.

“**Zantel**” means Zanzibar Telecom PLC.

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