

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

2 RESULTS OF OPERATIONS (continued)

2.3 Other income

Other income is recognised when the risks and rewards of ownership of the assets are transferred to the buyer.

	2015 Rm	2014 Rm
Profit on tower sales – Nigeria	8 233	7 329
Sale proceeds	6 515	5 406
Contingent consideration	(19)	327
Fair value of retained interest in Nigeria Tower InterCo B.V. and equity derivative	4 888	4 309
Carrying amount of assets and related liabilities disposed	(3 151)	(2 713)
Profit on tower sales – other subsidiaries	–	70
Sale proceeds	–	1 059
Carrying amount of assets and related liabilities disposed	–	(962)
Warranty provision and consultancy cost	–	(27)
Total profit on tower sales	8 233	7 399
Realisation of deferred gain on Ghana tower sale ¹	30	31
Realisation of deferred gain on asset swap for investment in BICS ²	–	364
Other	146	134
	8 409	7 928

¹ In 2011, Scancom Limited (MTN Ghana) concluded a transaction with American Tower Company (ATC), which involved the sale of MTN Ghana's base transceiver station (BTS) sites to Ghana Tower InterCo B.V. which is an associate of the Group. Profit was eliminated to the extent of the Group's interest in the associate. Such unrealised profit is realised by the Group as the underlying assets are depreciated by the associate.

² The deferred gain arose on the contribution of various assets from MTN Dubai, MTN International Carrier Services and Uniglobe in exchange for a 20% investment in the associate, Belgacom International Carrier Services (BICS) (note 9.2). This gain was deferred and is being amortised over a five-year period. The deferred gain was fully amortised during 2014.

As part of the Group's strategy to monetise its investment in tower infrastructure, the Group sold 8 850 of its mobile network towers in MTN Nigeria Communications Limited, in two tranches to INT Towers Limited, a wholly owned subsidiary of Nigeria Tower InterCo B.V. As a result, IHS obtained a 49% interest in Nigeria Tower InterCo B.V., with the remaining 51% interest held by the Group (note 9.2). Nigeria Tower InterCo B.V. has been classified as an associate of the Group.

The first tranche of the tower sales closed on 24 December 2014 and involved the sale of 4 154 mobile network towers by MTN Nigeria Communications Limited to INT Towers Limited for a cash consideration of US\$451 million and the Group recognising its equity interest in Nigeria Tower InterCo B.V. amounting to US\$370 million. A receivable amounting to US\$29 million was initially recognised based on management's estimate of the contingent consideration receivable. This was reduced during the current financial year by US\$1,6 million.

The second tranche of the tower sales closed on 1 July 2015 and involved the sale of 4 696 mobile network towers by MTN Nigeria Communications Limited to INT Towers Limited for a cash consideration of US\$533 million and the Group recognising an additional equity interest in Nigeria Tower InterCo B.V. amounting to US\$405 million.

MTN Nigeria Communications Limited is the anchor tenant on commercial terms on the towers for an initial period of 10 years. The transactions resulted in sale and leaseback transactions classified as operating leases (note 1.5.6).

The Group also concluded transactions with IHS in which IHS acquired 550 mobile network towers from MTN Rwandacell Limited for US\$48 million and 748 towers from MTN (Zambia) Limited for US\$57 million during 2014. IHS is a 100% shareholder of the tower companies set up in each country to manage the towers and other passive infrastructure. MTN Rwandacell Limited and MTN (Zambia) Limited are the anchor tenants on commercial terms of the towers for an initial term of 10 years. The transactions resulted in sale and leaseback transactions classified as operating leases (note 1.5.6).