

AFRICA TOWERS N.V.
AT AMSTERDAM

Annual Report 2018/2019

Handwritten mark

CONTENTS

Page

MANAGEMENT REPORT

3

FINANCIAL STATEMENTS

I.	Balance Sheet as of March 31, 2019	5
II.	Profit & Loss Account 2018/2019	6
III.	Notes to the company accounts	7
IV.	Notes to the specific items of the Balance Sheet as of March 31, 2019	11
V.	Notes to the specific items of the Profit & Loss Account 2018/2019	14

OTHER INFORMATION

1	Notification regarding the absence of an audit report	16
2	Statutory appropriation of profit	16
3	Appropriation of the result for the 2017/2018 financial year	16
4	Proposed appropriation of result for the financial year 2018/2019	16
5	Post Balance Sheet events	16

7

To the shareholders of
Africa Towers N.V. (the "Company")
Overschiestraat 65
1062 XD Amsterdam

Dear shareholders,

Please find attached the financial statements for the year starting on April 1, 2018 and ending on March 31, 2019 of the Company (hereinafter referred to as the "Year 2018/2019").

We have prepared the annual accounts of the Year 2018/2019 of the Company in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise the Balance Sheet as at March 31, 2018 and the Profit and Loss Account for the Year 2018/2019 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

The activities of the Company consist of providing holding and finance services. On March 31, 2019 the board of directors is formed by;

- J.C. Uneken- van de Vreede
- D. Van Kootwijk
- J. Paul

The Balance Sheet is showing a total amount of USD 23,471,073 and the Profit and Loss Account is showing a negative post-tax result of USD 1,121,723. The loss for the year 2018/2019 amounts to USD 1,121,723 compared with a loss for the year 2017/2018 of USD 789,616.

The withholding taxes paid by the subsidiaries of the Company are reported in the accounts of the subsidiaries. The withholding taxes are recognized in the Profit and Loss Account as general expenses. We will gladly provide further explanations upon request.

Sincerely yours,



J.C. Uneken - van de Vreede

On behalf of the management board of the Company

FINANCIAL STATEMENTS

fu

I. BALANCE SHEET AS OF MARCH 31, 2019

(Before appropriation of results)

	Notes	March 31, 2019		March 31, 2018	
		USD	USD	USD	USD
ASSETS					
Intangible fixed assets	(1)		-		-
Financial fixed assets	(2)				
Participations in group companies	(a)	100,000		101,198	
Receivables from group companies	(b)	<u>17,037,423</u>		<u>16,918,992</u>	
			17,137,423		17,020,190
Current assets					
Receivables					
Receivables from group companies	(3)		6,333,209		8,479,290
Cash and cash equivalents					
	(4)		441		1,040
			<u>23,471,073</u>		<u>25,500,520</u>
EQUITY AND LIABILITIES					
Shareholder's equity					
Issued and paid-up share capital	(5)	50,535		55,350	
Other reserves		(6,879,089)		(6,101,512)	
Unappropriated results		<u>(1,121,723)</u>		<u>(789,616)</u>	
			(7,950,277)		(6,835,778)
Long-term debts					
Payable to group companies	(6)		31,374,336		31,698,193
Current liabilities					
Other liabilities	(7)	9,937		22,820	
Accruals		<u>37,077</u>		<u>615,285</u>	
			47,014		638,105
			<u>23,471,073</u>		<u>25,500,520</u>

II. PROFIT & LOSS ACCOUNT 2018/2019

	Notes	2018/2019 USD	2017/2018 USD
Income			
Operating income	(8)	(450,626)	211,573
Other income	(9)	3,991	-
Expenses			
Costs	(10)	(627,629)	238,489
Operating results		180,994	(26,916)
Finance income and expenses			
	(11)		
Interest expense and similar charges	(a)	(1,308,980)	(772,477)
Foreign currency exchange differences	(b)	6,262	9,777
Financial income and expenses		(1,302,717)	(762,700)
Result from operations before taxation		(1,121,723)	(789,616)
Taxation on result from operations		-	-
Result from operations after taxation		(1,121,723)	(789,616)

III. NOTES TO THE COMPANY ACCOUNTS

GENERAL

Activities

The activities of the Company consist of providing holding and finance services. Africa Towers N.V. has its registered office at Overschiestraat 65, 1062 XD Amsterdam, Netherlands.

Group structure

Africa Towers N.V. forms part of the Bharti Airtel Group of companies. The immediate parent company is Bharti Airtel International (Netherlands) B.V. and the step up parent Companies are;

- Airtel Africa Limited, United Kingdom
- Bharti Airtel Limited, India.

Consolidation

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Bharti Airtel Limited, India. Copies of the consolidated accounts are available at the Trade Register of the Chamber of Commerce in Amsterdam. The consolidated accounts will be filed together with the financial statements of the Company.

LIST OF PARTICIPATING INTERESTS

The Company has the following capital interests which have not been valued at net capital value:

Name, statutory registered office	Share in issued capital %
Congo RDC Towers S.A. Kinshasa, République Démocratique du Congo	99.00
Africa Towers Services Limited Nairobi, Kenya (Liquidated during the Year)	90.00

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements have been prepared in accordance with the general provisions of Title 9, Book 2 of the Dutch Civil Code. As allowed in art.2:396 paragraph 6 of the Dutch Civil Code, the valuation of the assets and liabilities and the determination of the result is based on the principles for determination of the taxable profit, as meant in chapter II of the Corporate Income Tax Act 1969.

The value of the participating interests according to the principles of accounting purposes may be different from the value according to the valuation principles for the tax purposes.

The annual report and financial statements have been prepared on the historical cost basis, and based on the principal accounting policies set out below. They are presented in US Dollars. These financial statements will be submitted for consideration and approval at the forthcoming annual meeting of shareholders of the Company.

Assumption of continuity

The Company has an equity deficit of USD 7,950,278 as of March 31, 2019. The result for 2018/2019 is loss amounted to USD 1,121,723. The deficit is fully funded by intercompany loans. The Company's ability to continue as a going concern is highly contingent on the willingness on the part of group companies to continue the said loans. The group companies confirmed their willingness to continue the loans. In view of this, the accounting policies used in these financial statements are based on the expectation that the Company will be able to continue as a going concern.

Financial instruments

Financial instruments are both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per Balance Sheet item.

The Company does not use derivatives.

Translation of foreign currency

The financial statements are presented in US dollar, which is the Company's functional and presentation currency, this based on the currency in which its main transactions are concluded.

Transactions in foreign currencies (transactions not in the functional currency of the transaction entity) are translated at the foreign exchange rate at transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the Balance Sheet date. All differences are taken to the income statement. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the Balance Sheet date; differences are taken to the other reserves within shareholder's equity.

Staff

During the Year 2018/2019 the Company had no employees, and hence incurred no wages, salaries or related social security charges, nor during the previous period.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES**Impairment**

At each Balance Sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortization and, if applicable, less impairments in value. Amortization is charged as a fixed percentage of cost, as specified in more detail in the notes to the Balance Sheet. The useful life and the amortization method are reassessed at the end of each financial year.

Financial fixed assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Dutch Civil Code, participations are recognized at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement.

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions.

Current assets and accrued income

Receivables are valued at nominal value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, this has been taken into account in the valuation.

Long-term debts

Borrowings are valued at nominal value. Payables to group companies are included in long-term debts, except for maturities less than 12 months after balance sheet date. They are included in the current liabilities.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT**Determination of the result**

The result is determined based upon the difference between the net turnover and the costs and other expenses taking into account the accounting principles mentioned before.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the Balance Sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Net turnover

The net turnover consists of revenue from cross charging costs incurred on behalf of group companies.

Other costs

Other costs are recognized based on the historical cost convention and are allocated to the reporting year to which they relate.

Amortization and depreciation

The depreciation of the intangible fixed assets is calculated using fixed percentages of the purchase price.

Financial income and expenses

Financial income and expenses comprise of interest income and expense of loans for the current reporting period.

Taxes

Corporate income tax is calculated at the applicable rate on the taxable profit for the financial year, taking into account the applicable tax credits.



IV. NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET AS OF MARCH 31, 2019
FIXED ASSETS**1. Intangible fixed assets**

	<u>March 31, 2019</u>
	USD
<u>Software</u>	
<i>Book value as of April 1, 2018</i>	
Purchase price	3,080,000
Accumulated amortization	<u>(3,080,000)</u>
	<u>-</u>
<i>Movements</i>	
Amortization during the period	<u>-</u>
	<u>-</u>
<i>Book value as of March 31, 2019</i>	
Purchase price	3,080,000
Accumulated amortization	<u>(3,080,000)</u>
	<u>-</u>

2. Financial fixed assets

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(a) Participations in group companies	100,000	101,198
(b) Receivables from group companies	17,037,423	16,918,992
	<u>17,137,423</u>	<u>17,020,190</u>
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(a) Participations in group companies		
Congo RDC Tower S.A.	100,000	100,000
Africa Towers Services Limited *	-	1,198
	<u>100,000</u>	<u>101,198</u>

*Africa Towers Services Limited liquidated during the Year.

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
(b) Receivables from group companies		
Congo RDC Towers S.A.	16,568,015	16,460,172
Tanzania Towers Limited	469,408	458,820
	<u>17,037,423</u>	<u>16,918,992</u>

3. Current assets

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
(a) Receivables from Group Companies		
Africa Towers Services Limited	-	116,956
Congo RDC Towers S.A.	3,329,773	4,959,980
Malawi Towers Limited	1,113,563	1,310,552
Madagascar Towers S.A.	1,706,268	1,903,458
Other receivables	183,605	188,344
	<u>6,333,209</u>	<u>8,479,290</u>

4. Cash and cash equivalents

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Cash at Bank	441	1,040
	<u>441</u>	<u>1,040</u>

Cash balances are free for disposal by the Company.

EQUITY AND LIABILITIES**5. Shareholder's Equity**

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Issued and paid-up share capital		
45,000 ordinary shares at par value Euro 1.00	50,535	55,350
	<u>50,535</u>	<u>55,350</u>

The statutory share capital amounts to Euro 225,000.00. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.123 as at 31 March 2019 (31 March 2018: Euro 1.230). Translation differences are recorded in Other reserves.

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Other reserves		
Balance as of April 1	(6,094,280)	(5,411,316)
Allocation of previous financial year net result	<u>(789,616)</u>	<u>(682,964)</u>
	(6,883,896)	(6,094,280)
Foreign currency changes on share capital	<u>4,807</u>	<u>(7,232)</u>
Balance as of March 31	<u><u>(6,879,089)</u></u>	<u><u>(6,101,512)</u></u>
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Unappropriated results		
Balance as of April 1	(789,616)	(682,964)
Unappropriated results	<u>(1,121,723)</u>	<u>(789,616)</u>
	(1,911,339)	(1,472,580)
Appropriation of result previous year	<u>789,616</u>	<u>682,964</u>
Balance as of March 31	<u><u>(1,121,723)</u></u>	<u><u>(789,616)</u></u>

6. Long-term debts

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Payable to group companies		
Bharti Airtel International (Netherlands) B.V.	31,374,336	31,698,193
Balance as of March 31	<u><u>31,374,336</u></u>	<u><u>31,698,193</u></u>

The calculated interest as at year end is based on 3 month libor+ 225 bps (in 2017/2018: 3 month libor+ 225 bps). Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31,2021, unless agreed otherwise between borrower and lender in writing.

7. Current Liabilities

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Others	9,937	22,820
Accrual liabilities	<u>37,077</u>	<u>615,285</u>
	<u><u>47,014</u></u>	<u><u>638,105</u></u>

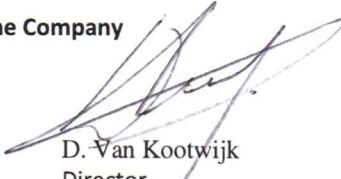
V. NOTES TO THE SPECIFIC ITEMS OF THE PROFIT & LOSS ACCOUNT 2018/2019

8. Operating Income	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Management fees*	(450,626)	211,573
	<u>(450,626)</u>	<u>211,573</u>
*Reversal of management fees during the Year.		
9. Other Income	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Liquidation of Africa Towers Services Limited	3,991	-
	<u>3,991</u>	<u>-</u>
10. Other Operating expenses	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Audit Cost	-	(158,048)
Professional and legal fees	-	31,188
Rates and Taxes including WHT	(56,650)	44,737
IT Expenses	(570,979)	320,612
	<u>(627,629)</u>	<u>238,489</u>
11. Finance income and expenses		
	<u>2018/2019</u>	<u>2017/2018</u>
(a) Interest expense and similar charges	USD	USD
Interest expenses on loan from Bharti Airtel International (Netherlands) B.V.	(1,308,375)	(771,259)
Bank charges	(605)	(1,218)
	<u>(1,308,980)</u>	<u>(772,477)</u>
(b) Foreign currency exchange differences		
Unrealized exchange gains/losses	6,262	9,777
	<u>6,262</u>	<u>9,777</u>

On behalf of the management board of the Company



J.C. Uneken - van de Vreede
Director



D. Van Kootwijk
Director

J. Paul
Director

Date: 1st July 2019

V. NOTES TO THE SPECIFIC ITEMS OF THE PROFIT & LOSS ACCOUNT 2018/2019

8. Operating Income	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Management fees*	(450,626)	211,573
	<u>(450,626)</u>	<u>211,573</u>

*Reversal of management fees during the Year.

9. Other Income	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Liquidation of Africa Towers Services Limited	3,991	-
	<u>3,991</u>	<u>-</u>

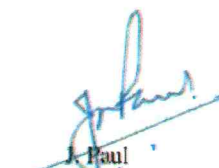
10. Other Operating expenses	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Audit Cost	-	(158,048)
Professional and legal fees	-	31,188
Rates and Taxes including WHT	(56,650)	44,737
IT Expenses	(570,979)	320,612
	<u>(627,629)</u>	<u>238,489</u>

11. Finance income and expenses	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
(a) Interest expense and similar charges		
Interest expenses on loan from Bharti Airtel International (Netherlands) B.V.	(1,308,375)	(771,259)
Bank charges	(605)	(1,218)
	<u>(1,308,980)</u>	<u>(772,477)</u>
(b) Foreign currency exchange differences		
Unrealized exchange gains/losses	6,262	9,777
	<u>6,262</u>	<u>9,777</u>

On behalf of the management board of the Company

J.C. Uneken - van de Vreede
Director

D. Van Kootwijk
Director


J. Paul
Director

Date: 1st July 2019

OTHER INFORMATION



OTHER INFORMATION

1 Notification regarding the absence of an audit report

The Company is exempt from audit requirement because it is within the limits set in Article 2:396 paragraph 1 of the Dutch Civil Code. Therefore the annual accounts do not include an audit report.

2 Statutory appropriation of profit

According to the Company's Articles of Association, article 22, the annual meeting of shareholders determines the appropriation of the Company's net result for the year.

3 Appropriation of the result for the 2017/2018 financial year

The annual accounts for 2017/2018 were adopted by the General Meeting held on July 16, 2018. The General Meeting has determined the appropriation of the result as it was proposed.

4 Proposed appropriation of result for the financial year 2018/2019

The management board proposes that the result for the financial year 2018/2019 amounting to USD 1,121,723 (loss) should be transferred to the Other Reserves. The financial statements do (not yet) reflect this proposal.

5 Post Balance Sheet events

There is no post Balance Sheet event to report.

