

**AIRTEL MOBILE COMMERCE B.V.
AT AMSTERDAM**

Annual Report 2018/2019

7

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To the shareholders
Airtel Mobile Commerce B.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, 2019 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 25,611,292 and the Profit and Loss Account is showing a post-tax loss of USD 451,256. The loss for the Year 2018/2019 amounts to USD 451,256 compared with a loss for the year 2017/2018 of USD 152,447.

Sincerely yours,


J.C. Uneken - van de Vreede

On behalf of the management board of the Company

1 FISCAL POSITION**1.1 Fiscal unity**

For purposes of corporate income tax, the Company forms a fiscal unity with Airtel Mobile Commerce Holdings B.V. The corporate income tax of the subsidiaries is calculated as if the subsidiary is independently tax liable. The parent company takes responsibility for any deficits arising from the tax group.

1.2 Taxable amount 2018/2019

The taxable amount for 2018/2019 has been calculated as follows:

	<u>2017/2018</u>
	USD
Result before taxes	-451,256
<i>Tax differences:</i>	
Result participations	Nil
Taxable amount 2018/2019	<u>-451,256</u>

The company is yet to file the return for the fiscal year 2018-19.

4.3 Tax losses available for set-off

As at March 31, 2019 the compensable losses amount to USD 2,280,332. These losses can be compensated within a term of nine years with future fiscal profits. The losses to be settled have not been valued due to the uncertainty of future tax profit possibilities.

4.3.1 Offsettable losses

	Offsettable losses as of April 1, 2018	Loss in 2018/19	Offsettable losses as of March 31, 2019
	USD	USD	USD
2009/2010	2,247	-	2,247
2010/2011	139,172	-	139,172
2012/2013	22,250	-	22,250
2013/2014	1,201,430	-	1,201,430
2015/2016	129,725	-	129,725
2016/2017	181,805	-	181,805
2017/2018	152,447	-	152,447
2018/2019	-	451,256	451,256
	<u>1,829,076</u>	<u>451,256</u>	<u>2,280,332</u>

FINANCIAL STATEMENTS

I. BALANCE SHEET AS OF MARCH 31, 2019

(Before result distribution)

	Notes	March 31, 2019		March 31, 2018	
		USD	USD	USD	USD
ASSETS					
Financial fixed assets	(1)				
Participations in group companies	(a)	10,907,281		3,050,181	
Receivables from group companies	(b)	<u>13,900,000</u>		<u>-</u>	
			24,807,281		3,050,181
Current assets	(2)				
Receivables					
Receivables from group companies			747,751		747,751
Cash and cash equivalents	(3)		56,260		142,781
			<u>25,611,292</u>		<u>3,940,713</u>
EQUITY AND LIABILITIES					
Shareholder's equity	(4)				
Issued share capital		20,385		22,327	
Other reserves		(725,805)		(574,496)	
Unappropriated results		<u>(451,256)</u>		<u>(152,447)</u>	
			(1,156,676)		(704,616)
Long-term debts					
Payable to group companies	(5)		26,617,598		4,549,706
Current liabilities					
Payable to group companies	(6)		150,370		95,623
			<u>25,611,292</u>		<u>3,940,713</u>

II. PROFIT AND LOSS ACCOUNT 2018/2019

	Notes	<u>2018/2019</u> USD	<u>2017/2018</u> USD
Finance income and expenses	(7)		
Interest income from group companies	(a)	523	-
Interest expense and similar charges	(b)	(454,937)	(140,519)
Foreign currency exchange differences	(c)	3,158	(11,928)
Financial income and expenses		<u>(451,256)</u>	<u>(152,447)</u>
Result from operations before taxation		<u>(451,256)</u>	<u>(152,447)</u>
Taxation on result from operations		-	-
Result from after taxation		<u><u>(451,256)</u></u>	<u><u>(152,447)</u></u>

III. NOTES TO THE COMPANY ACCOUNTS**GENERAL****Activities**

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

Group structure

The Company forms part of the Bharti Airtel Group of companies. 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
Airtel Mobile Commerce Holdings B.V. Amsterdam	100.00
Airtel Mobile Commerce Madagascar S.A. Analamanga, Madagascar	100.00
Airtel Money S.A. Port Gentile, Gabon	100.00
Airtel Mobile Commerce Zambia Limited Lusaka, Zambia	99.00
Airtel Mobile Commerce Limited Lilongwe, Malawi	99.999
Airtel Mobile Commerce Tchad SARL N'Djamena, Tchad	100.00
Mobile Commerce Congo S.A. Brazzaville, République du Congo	100.00

Airtel Mobile Commerce Uganda Ltd Kampala, Uganda	99.00
Airtel Mobile Commerce Tanzania Ltd Dar es Salaam, Tanzania	99.90
Airtel Money (RDC) SPRL Kinshasa, Republique du Congo	99.90
Airtel Mobile Commerce (Kenya) Limited Nairobi, Kenya	99.00
Airtel Mobile Commerce Rwanda Limited Kigali, Rwanda	100.00
Airtel Mobile Commerce (Seychelles) Ltd Victoria, Seychelles	99.90
Airtel Mobile Commerce Nigeria B.V. Netherlands (incorporated on 5 December, 2018)	100.00
Airtel Mobile Commerce Rwanda B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce Zambia B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce Uganda B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce Kenya B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce Madagascar B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce Malawi B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce (Seychelles) B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce Tchad B.V. Netherlands (incorporated on 29 January, 2019)	100.00
Airtel Mobile Commerce Congo B.V. Netherlands (incorporated on 29 January, 2019)	100.00

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 1,156,676 as of March 31, 2019. The result for 2018/2019 amounted to USD 451,256 (loss). 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 the 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

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.

Staff members

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.

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.

Receivables and deferred assets

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.

The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date. They are included in the current assets.

Cash and cash equivalents

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

Non-current liabilities

Current liabilities and accruals, unless presented otherwise at the relevant principle for the specific balance sheet item, are valued according to the cost model.

Current liabilities

Liabilities are valued at nominal value, unless disclosed differently.

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

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

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.

Financial income and expenses

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

Taxes

Profit tax is calculated on the profit/(loss) before taxation in the Profit and Loss Account, taking into account any losses carried forward from previous financial years, tax-exempt items and non-deductible expenses, and using current tax rates.



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

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(a) Participations in group companies	10,907,281	3,050,181
(b) Receivables from group companies	13,900,000	-
	<u>24,807,281</u>	<u>3,050,181</u>
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(a) Participations in group companies		
Airtel Money (RDC) SPRL at Kinshasa, Republique Du Congo	2,500,000	2,500,000
Airtel Mobile Commerce Madagascar S.A. *	7,801,075	1,075
Other group companies **	606,206	549,106
	<u>10,907,281</u>	<u>3,050,181</u>

* The Company has made an investment of USD 7.8 Mn in Airtel Mobile Commerce Madagascar S.A.

** The Company has made an investment in entities incorporated in Netherlands during the year. (Refer note 3
- List of participating)

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(a) Receivables from group companies		
Airtel Mobile Commerce Nigeria B.V.	13,900,000	-
	<u>13,900,000</u>	<u>-</u>

2. Current assets

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(a) Receivables from group companies		
Other receivables	747,751	747,751
	<u>747,751</u>	<u>747,751</u>

3. Cash and cash equivalents

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Cash at Bank	56,260	142,781
	<u>56,260</u>	<u>142,781</u>

Cash balances are free for disposal by the Company.

EQUITY AND LIABILITIES**4. Shareholder's Equity**

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Issued share capital		
18,152 Ordinary shares of EUR 1.00	20,385	22,327
	<u>20,385</u>	<u>22,327</u>

The statutory share capital amounts to Euro 90,000. 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> USD	<u>March 31, 2018</u> USD
Other reserves		
Balance as of April 1	(571,416)	(389,401)
Allocation of previous financial year net result	<u>(152,447)</u>	<u>(182,015)</u>
	(723,863)	(571,416)
Foreign currency changes on share capital	<u>(1,942)</u>	<u>(3,080)</u>
Balance as of March 31	<u>(725,805)</u>	<u>(574,496)</u>

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Unappropriated results		
Balance as of April 1	(152,447)	(182,015)
Unappropriated results	<u>(451,256)</u>	<u>(152,447)</u>
	(603,703)	(334,462)
Appropriation of result previous year	<u>152,447</u>	<u>182,015</u>
Balance as of March 31	<u>(451,256)</u>	<u>(152,447)</u>

5. Long-term debts

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Payable to shareholder		
Bharti Airtel International (Netherlands) B.V.	26,617,598	4,549,706
Balance as of March 31	<u>26,617,598</u>	<u>4,549,706</u>

The calculated interest as at year end is based on 3 month libor+ 200 bps (in 2017/2018: 3 month libor +200 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.

6. Current Liabilities**Payables to group companies**

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Airtel Mobile Commerce Holdings B.V.	25,330	25,330
Payable to trade partners	67,961	70,293
Other group companies	57,079	-
	<u>150,370</u>	<u>95,623</u>



V. NOTES TO THE SPECIFIC ITEMS OF THE PROFIT & LOSS ACCOUNT 2018/2019**7. Finance income and expenses****(a) Interest and other income from group companies**

	<u>2018/2019</u> USD	<u>2017/2018</u> USD
Interest income from group companies	523	-
	<u>523</u>	<u>-</u>


(b) Interest expense and similar charges

	<u>2018/2019</u> USD	<u>2017/2018</u> USD
Interest expenses on loan from Bharti Airtel Africa B.V.	(454,653)	(140,265)
Bank Charges	(284)	(254)
	<u>(454,937)</u>	<u>(140,519)</u>

(c) Foreign currency exchange differences

	<u>2018/2019</u> USD	<u>2017/2018</u> USD
Unrealised Exchange differences	3,158	(11,928)
	<u>3,158</u>	<u>(11,928)</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: 25th June 2019

V. NOTES TO THE SPECIFIC ITEMS OF THE PROFIT & LOSS ACCOUNT 2018/2019
7. Finance income and expenses**(a) Interest and other income from group companies**

	2018/2019	2017/2018
	USD	USD
Interest income from group companies	523	-
	<u>523</u>	<u>-</u>

(b) Interest expense and similar charges

	2018/2019	2017/2018
	USD	USD
Interest expenses on loan from Bharti Airtel Africa B.V.	(454,653)	(140,265)
Bank Charges	(284)	(254)
	<u>(454,937)</u>	<u>(140,519)</u>

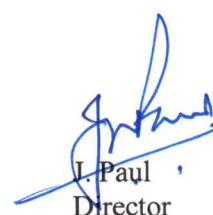
(c) Foreign currency exchange differences

	2018/2019	2017/2018
	USD	USD
Unrealised Exchange differences	3,158	(11,928)
	<u>3,158</u>	<u>(11,928)</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: 25th June 2019

OTHER INFORMATION

OTHER INFORMATION

1 Notification regarding the absence of an audit report

The Company is exempt from the 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 Provisions of the Articles of Association relating to profit appropriation

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 year 2017/2018

The annual accounts for the year 2017/2018 were adopted by the General Meeting held on July 12, 2018. The General Meeting has determined the appropriation of the result as it was proposed.

4 Appropriation of the result for the financial year 2018/2019

The management board proposes that the result for the financial year 2017/2018 amounting to USD 451,256 (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 events to report.