

**BHARTI AIRTEL MALAWI HOLDINGS B.V.
AT AMSTERDAM**

Annual Report 2018/2019

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To the shareholders of
Bharti Airtel Malawi Holdings 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 36,384,921 and the profit and loss account is showing a post-tax result of USD 19,964,650. The profit for the Year 2018/2019 amounts to USD 19,964,650 compared with a profit for the year 2017/2018 of USD 1,177,710.

For purposes of corporate income tax, the Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. The corporate income tax of the subsidiaries of the Company is reported in the accounts of Bharti Airtel International (Netherlands) B.V. 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

I. BALANCE SHEET AS AT MARCH 31, 2019

(Before appropriation of results)

	Notes	March 31, 2019		March 31, 2018	
		US\$*1,000	US\$*1,000	US\$*1,000	US\$*1,000
ASSETS					
Financial fixed assets					
Participations in group companies	(1)	8,864		8,864	
Receivables from group companies	(b)	<u>18,734</u>		<u>58,708</u>	
			27,598		67,572
Current assets					
Receivables					
Receivables from group companies	(2)	3,634		5,676	
Other receivables	(b)	<u>4,152</u>		<u>4,022</u>	
			7,786		9,698
Cash and cash equivalents	(3)		1		1
			<u>35,385</u>		<u>77,271</u>
EQUITY AND LIABILITIES					
Shareholder's equity					
Issued and paid-up share capital	(4)	20		22	
Other reserves		7,701		6,521	
Unappropriated results		<u>19,964</u>		<u>1,178</u>	
			27,685		7,721
Long-term debts					
Payable to group companies	(5)		8,700		69,550
			<u>36,385</u>		<u>77,271</u>

II. PROFIT & LOSS ACCOUNT 2018/2019

	Notes	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Expenses			
Other operating costs	(6)	2,219	3
		<u>2,219</u>	<u>3</u>
Finance income and expenses			
Interest income and other income from group companies	(a)	24,262	3,977
Interest expense and similar charges	(b)	(1,538)	(2,792)
Foreign currency exchange differences	(c)	(541)	(4)
		<u>22,183</u>	<u>1,181</u>
Financial income and expenses			
Result from operations before taxation		<u>19,964</u>	<u>1,178</u>
Taxation on result from operations		-	-
		<u>19,964</u>	<u>1,178</u>
Result from after taxation		<u><u>19,964</u></u>	<u><u>1,178</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 Africa 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 Malawi Limited Blantyre, Malawi	99.99
Malawi Towers Limited Lilongwe, Malawi	99.99

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 annual report and financial statements have been prepared on the historical cost basis, and incorporate 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.

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 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 are valued at nominal value, unless disclosed differently. The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after Balance Sheet date. They are then included in the current assets.

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, then this has been taken into account in the valuation.

Non-current liabilities

Liabilities are valued at nominal value, unless determined differently.

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price.

When there are no premiums, discounts or transaction costs, the amortized cost is equal to the nominal value.

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

Principles for determination of the result

Profit or loss is determined as the difference between the realizable value of services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

Other costs

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

Financial income and expenses

Financial income and expenses comprises of interest income and expense of loans for the current reporting period. Dividend income is accounted for in the Profit and Loss account as finance income.

Taxes

The Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. A consolidated tax return is filed in which Bharti Airtel International (Netherlands) B.V. accounts for the Dutch tax implications of the group.

IV. NOTES TO THE BALANCE SHEET AS PER MARCH 31, 2019

ASSETS

1. Financial fixed assets

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
(a) Participations in group companies	8,864	8,864
(b) Receivables from group companies	18,734	58,708
	<u>27,598</u>	<u>67,572</u>

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
(a) Participations in group companies		
Airtel Malawi Limited	8,827	8,827
Malawi Towers Limited	37	37
	<u>8,864</u>	<u>8,864</u>

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
(b) Receivables from group companies		
Airtel Malawi Limited	18,734	58,708
	<u>18,734</u>	<u>58,708</u>

The calculated interest rate as at year end is based on 3 months libor+ 450 bps. Any outstanding principal loan amounts and accrued interest thereon will be payable in fully by December 31, 2021, unless agreed otherwise between borrower and lender in writing.

2. Receivables

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
(a) Receivables from group companies		
Airtel Malawi Limited	3,634	5,676
	<u>3,634</u>	<u>5,676</u>

Bharti Airtel Malawi Holdings B.V.

Financial statements 2018/2019

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
(b) Other receivables		
Withholding Tax	486	486
Dividend Receivables	3,666	3,536
	<u>4,152</u>	<u>4,022</u>

3. Cash and cash equivalents

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
Cash at Bank	1	1
Cash in transit	1,000	-
	<u>1,001</u>	<u>1</u>

Cash balances are free for disposal by the Company.

EQUITY AND LIABILITIES

4. Shareholder's Equity

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
Issued and paid-up share capital		
18,152 Ordinary shares of EUR 1.0	20	22
	<u>20</u>	<u>22</u>

The statutory share capital amounts to Euro 90,760. 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> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
Other reserves		
Balance as of April 1	6,524	4,650
Allocation of previous financial year net result	1,178	1,874
	7,702	6,524
Foreign currency changes on share capital	(1)	(3)
Balance as of March 31	<u>7,701</u>	<u>6,521</u>

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
Unappropriated results		
Balance as of April 1	1,178	1,874
Unappropriated results	<u>19,964</u>	<u>1,178</u>
	21,142	3,052
Appropriation of result previous year	<u>(1,178)</u>	<u>(1,874)</u>
Balance as of March 31	<u><u>19,964</u></u>	<u><u>1,178</u></u>

5. Long-term debts**(a) Payable to shareholder**

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
Bharti Airtel Africa B.V.	8,700	69,550
Balance as of March 31	<u><u>8,700</u></u>	<u><u>69,550</u></u>

The calculated interest as at year end is based on 3 month libor+ 225 bps (in 2017/2018: 3 months libor+225bps). 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.

ASSETS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

Contingent liabilities

Tax-group liability

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel International (Netherlands) B.V. as of 8 June, 2010. Under the Tax Collection Act, the Company is jointly and severally liable for the taxes payable by the group.

V. NOTES TO THE PROFIT & LOSS ACCOUNT OVER THE YEAR 2018/2019**6. Other operating costs**

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Withholding tax on dividend income	2,219	3
	<u>2,219</u>	<u>3</u>

7. Finance income and expenses**(a) Interest and other income from group companies**

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Dividend income from Airtel Malawi Limited	22,190	35
Interest income on loans to Airtel Malawi Limited	2,072	3,942
	<u>24,262</u>	<u>3,977</u>

(b) Interest expense and similar charges

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Interest expenses on loan from Bharti Airtel Africa B.V.	(1,538)	(2,792)
	<u>(1,538)</u>	<u>(2,792)</u>

(c) Foreign currency exchange differences

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Unrealised Exchange differences	(541)	(4)
	<u>(541)</u>	<u>(4)</u>

On behalf of the management board of the Company


J.C. Uneken - van de Vreede
Director

D. Van Kootwijk
Director

J. Paul
Director

Place: Amsterdam

Date: 11th June 2019

V. NOTES TO THE PROFIT & LOSS ACCOUNT OVER THE YEAR 2018/2019

6. Other operating costs

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Withholding tax on dividend income	2,219	3
	<u>2,219</u>	<u>3</u>

7. Finance income and expenses

(a) Interest and other income from group companies

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Dividend income from Airtel Malawi Limited	22,190	35
Interest income on loans to Airtel Malawi Limited	2,072	3,942
	<u>24,262</u>	<u>3,977</u>

(b) Interest expense and similar charges

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Interest expenses on loan from Bharti Airtel Africa B.V.	(1,538)	(2,792)
	<u>(1,538)</u>	<u>(2,792)</u>

(c) Foreign currency exchange differences

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Unrealised Exchange differences	(541)	(4)
	<u>(541)</u>	<u>(4)</u>

On behalf of the management board of the Company

J.C. Uneken - van de Vreede
Director

D. Van Kootwijk
Director
J. Paul
Director

Place:

Date: 11th June 2019

V. NOTES TO THE PROFIT & LOSS ACCOUNT OVER THE YEAR 2018/2019

6. Other operating costs

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Withholding tax on dividend income	2,219	3
	<u>2,219</u>	<u>3</u>

7. Finance income and expenses

(a) Interest and other income from group companies

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Dividend income from Airtel Malawi Limited	22,190	35
Interest income on loans to Airtel Malawi Limited	2,072	3,942
	<u>24,262</u>	<u>3,977</u>

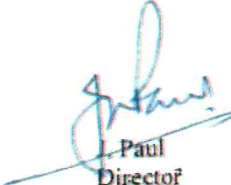
(b) Interest expense and similar charges

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Interest expenses on loan from Bharti Airtel Africa B.V.	(1,538)	(2,792)
	<u>(1,538)</u>	<u>(2,792)</u>

(c) Foreign currency exchange differences

	2018/2019 US\$*1,000	2017/2018 US\$*1,000
Unrealised Exchange differences	(541)	(4)
	<u>(541)</u>	<u>(4)</u>

On behalf of the management board of the Company

J.C. Uneken - van de Vreede
DirectorD. Van Kootwijk
Director


J. Paul
Director

Place:

Date: 11th June 2019

OTHER INFORMATION

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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 Year 2017/2018 financial year

The annual accounts for 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 Proposed appropriation of result for the financial year 2018/2019

The management board proposes that the result for the Year 2018/2019, amounting to profit of USD 19,963,950 to 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.