

BHARTI AIRTEL MALAWI HOLDINGS B.V.

Annual Report and Financial Statements for the year ended 31 March 2020

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To the shareholders,
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, 2019 and ending on March 31, 2020 of the Company (hereinafter referred to as the "Year 2019/2020").

We have prepared the annual accounts of the Year 2019/2020 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, 2020 and the Income Statement for the Year 2019/2020 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment and holding company.

DIRECTORS

The following directors appointed in terms of the Articles of Association of the company served office during the period.

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

FINANCIAL PERFORMANCE

The Balance Sheet as on March 31, 2020 is showing a total amount of USD 58,533 thousands and the Income Statement for the Year 2019/2020 is showing a post-tax profit of USD 30,811 thousands (2018/2019 : USD 19,964 thousands).

For purposes of corporate income tax, the Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. We will gladly provide further explanations upon request.

On behalf of the management board of the Company



[Tina Uneken \(Jul 14, 2020 12:48 GMT+2\)](#)

J.C. Uneken - van de Vreede
Managing Director

Bharti Airtel Malawi Holdings B.V.
Balance Sheet

(All amounts are in US dollar thousands; unless stated otherwise)

	Notes	As of	
		March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Financial fixed assets			
Participations in group companies	(4) (a)	7,098	8,864
Receivable from group companies	(b)	34,314	18,734
Other receivables	(5)	523	523
Total non-current assets		41,935	28,121
Current assets			
Receivables			
Receivables from group company	(6)	3,869	7,300
Cash and cash equivalents	(7)	12,729	1,001
Total current assets		16,598	8,301
Total assets		58,533	36,422
EQUITY AND LIABILITIES			
Shareholder's equity			
Issued and paid-up share capital	(8)	20	20
Other reserves		27,665	7,701
Unappropriated results		30,811	19,964
		58,496	27,685
Non-current liabilities			
Payable to group company	(9)	37	8,737
Total equity and liabilities		58,533	36,422

Bharti Airtel Malawi Holdings B.V.
Income Statement

(All amounts are in US dollar thousands; unless stated otherwise)

	Notes	For the year ended	
		March 31, 2020	March 31, 2019
Income	(11)		
Gain on sale of investment	(a)	36,255	-
Interest and dividend income	(b)	1,390	24,262
		<u>37,645</u>	<u>24,262</u>
Expense	(12)		
Interest expense and similar charges		212	1,538
Result from operations		<u>37,433</u>	<u>22,724</u>
Foreign currency exchange differences loss	(13)	897	541
Result before taxation		<u>36,536</u>	<u>22,183</u>
Taxation on result	(14)	5,725	2,219
Result after taxation		<u>30,811</u>	<u>19,964</u>

Bharti Airtel Malawi Holdings B.V.

Notes to the Financial Statements

(All amounts are in US dollar thousands; unless stated otherwise)

1. Corporate information

1.1 Activities

The activities of the Company are that of an investment and holding company. The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam, The Netherlands.

1.2 Group structure

The Company forms part of the Bharti Airtel Group of companies. Immediate parent Company is Bharti Airtel Africa B.V. having 100% shareholding in the Company and the step up parent Companies are;

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

1.3 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	
	March 31, 2020	March 31, 2019
	%	%
Airtel Malawi plc* Lilongwe, Malawi	80.00	100.00
Malawi Towers Limited Lilongwe, Malawi	99.99	99.99

* Pursuant to the requirement of the New Telecommunication Act in Malawi, it was made mandatory for companies holding a electronic communication license to have 20% local shareholding. To give effect to this, the Company has transferred by way of a secondary sale, 20% of its shareholding in Airtel Malawi plc (Airtel Malawi), a wholly owned subsidiary of the Company, to the public and consequently Airtel Malawi listed on the Malawi Stock Exchange on 24 February 2020.

2. General accounting principles for the preparation of the annual accounts

2.1 Basis of preparation

The financial statements have been prepared in accordance with the general provisions of Title 9, Book 2 of the Dutch Civil Code. As stipulated in art.2:396 paragraph 6 of the Dutch Civil Code, the valuation of the assets and liabilities and the determination of the result will be 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 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. Further, amounts which are less than half a thousand are appearing as '0'.

2.2 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 Airtel Africa plc, United Kingdom. A copy of the consolidated accounts of Airtel Africa plc is filed together with these financial statements and is available at the Trade Register of the Chamber of Commerce in Amsterdam.

Bharti Airtel Malawi Holdings B.V. **Notes to the Financial Statements**

(All amounts are in US dollar thousands; unless stated otherwise)

2.3 Reclassification/regrouping

Previous year's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

2.4 Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments can be both primary financial instruments, such as receivables and payables, and financial derivatives.

The Company does not use derivatives.

2.5 Translation of foreign currency

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

Transactions in foreign currencies (other than functional currency of the Company) are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the Balance Sheet date. Foreign exchange differences on subsequent re-statement/settlement are recognised in the Profit and Loss Account within finance income and expenses. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the Balance Sheet date; foreign exchange differences are taken to the other reserves within shareholder's equity.

2.6 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.

2.7 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 Netherlands Civil Code, participating interests in group companies and affiliated companies are carried at cost less any impairment.

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 included in the current assets.

2.8 Current 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.

2.9 Cash and cash equivalents

Cash includes cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash is stated at face value.

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

(All amounts are in US dollar thousands; unless stated otherwise)

2.10 Non-current liabilities

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

2.11 Current liabilities

Liabilities are valued at nominal value, unless determined differently.

2.12 Other costs

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

2.13 Income

Income comprises of interest and dividend income for the current reporting period. Dividend income from investments in subsidiaries is recognized when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably)

2.14 Expenses

Expenses comprises of interest expense on loans for the current reporting period.

2.15 Taxes

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel International (Netherlands) B.V. The Company is jointly and severally liable for the taxed payable by the fiscal unity.

3. Staff members

During the year 2019/2020 the Company had no employees, and hence incurred no wages, salaries or related social security charges (2018/2019: NIL).

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

(All amounts are in US dollar thousands; unless stated otherwise)

4. Financial fixed assets

	As of	
	March 31, 2020	March 31, 2019
(a) Participations in group companies	7,098	8,864
(b) Receivables from group companies	34,314	18,734
	41,412	27,598

(a) Participations in group companies

	As of	
	March 31, 2020	March 31, 2019
Airtel Malawi plc*	7,061	8,827
Malawi Towers Limited	37	37
	7,098	8,864

* Pursuant to the requirement of New Telecommunication Act in Malawi, it was made mandatory for companies holding electronic communication license to have 20% local shareholding. To give effect to this, the Company has transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), a wholly owned subsidiary of the Company, to the public and consequently Airtel Malawi listed on Malawi Stock Exchange on 24 February 2020.

(b) Receivables from group companies

	As of	
	March 31, 2020	March 31, 2019
Loan receivable from Airtel Malawi plc*	1,295	18,734
Loan receivable from Malawi Towers Limited**	17,290	-
Other receivable from Bharti Airtel Africa B.V.	15,729	-
	34,314	18,734

* 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 paid in full by December 31, 2021, unless agreed otherwise between borrower and lender in writing.

**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 paid in full by December 31, 2035, unless agreed otherwise between borrower and lender in writing.

5. Other receivables

	As of	
	March 31, 2020	March 31, 2019
Withholding tax	523	523
	523	523

Current assets

6. Receivables

	As of	
	March 31, 2020	March 31, 2019
(a) Receivables from group company		
Amounts owed by Airtel Malawi plc	3,869	3,634
Dividend receivable from Airtel Malawi plc	-	3,666
	3,869	7,300

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

(All amounts are in US dollar thousands; unless stated otherwise)

7. Cash and cash equivalents

	As of	
	March 31, 2020	March 31, 2019
Cash at bank	12,729	1,001
	<u>12,729</u>	<u>1,001</u>

Cash balances are free for disposal by the Company.

8. Shareholder's Equity

	As of	
	March 31, 2020	March 31, 2019
Issued and paid-up share capital		
18,152 Ordinary shares of EUR 1.0	20	20
	<u>20</u>	<u>20</u>

The authorized share capital amounts to Euro 90.76 thousands. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.104 as at 31 March 2020 (31 March 2019: Euro 1.123). Translation differences are recorded in Other Reserves.

	For the year ended	
	March 31, 2020	March 31, 2019
Other reserves		
Balance as of April 1	7,702	6,524
Allocation of previous financial year net result	19,964	1,178
	<u>27,666</u>	<u>7,702</u>
Foreign currency changes on share capital	(1)	(1)
Balance as of March 31	<u>27,665</u>	<u>7,701</u>

	For the year ended	
	March 31, 2020	March 31, 2019
Unappropriated results		
Balance as of April 1	19,964	1,178
Unappropriated results	30,811	19,964
	<u>50,775</u>	<u>21,142</u>
Appropriation of result previous year	(19,964)	(1,178)
Balance as of March 31	<u>30,811</u>	<u>19,964</u>

9. Payable to group company

	As of	
	March 31, 2020	March 31, 2019
Loan payable to Bharti Airtel Africa B.V.*	-	8,700
Amounts owed to Malawi Towers Limited	37	37
	<u>37</u>	<u>8,737</u>

* The calculated interest as at year end March 31, 2019 was 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.

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

(All amounts are in US dollar thousands; unless stated otherwise)

10. 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. The Company is jointly and severally liable for the tax payable by the fiscal unity.

Bharti Airtel Malawi Holdings B.V.
Notes to the Financial Statements

(All amounts are in US dollar thousands; unless stated otherwise)

11. Income

(a) Gain on sale of investment

	For the year ended	
	March 31, 2020	March 31, 2019
Sale of investment in Airtel Malawi plc*	36,255	-
	<u>36,255</u>	<u>-</u>

* Refer note 4 (a)

(b) Interest and dividend income

	For the year ended	
	March 31, 2020	March 31, 2019
Interest income on loan to Airtel Malawi plc	1,390	2,072
Dividend income from Airtel Malawi plc	-	22,190
	<u>1,390</u>	<u>24,262</u>

12. Expense

Interest expense and similar charges

	For the year ended	
	March 31, 2020	March 31, 2019
Interest expenses on loan from Bharti Airtel Africa B.V.	211	1,534
Bank charges	1	4
	<u>212</u>	<u>1,538</u>

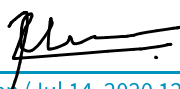
13. Foreign currency exchange differences loss

	For the year ended	
	March 31, 2020	March 31, 2019
Unrealised exchange differences	-	541
Realised exchange differences	897	-
	<u>897</u>	<u>541</u>

14. Taxation on result

	For the year ended	
	March 31, 2020	March 31, 2019
Capital gain on sale of investment	5,633	-
Withholding tax on dividend income	-	2,219
Withholding tax on interest income	92	-
	<u>5,725</u>	<u>2,219</u>

On behalf of the management board of the Company



Tina Uneken (Jul 14, 2020 12:48 GMT+2)

J.C. Uneken - van de Vreede
Managing Director



Daan Vankootwijk (Jul 14, 2020 13:54 GMT+2)

D. van Kootwijk
Managing Director



J.K. Paul
Managing Director

Date:

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 General Meeting of shareholders determines the appropriation of the Company's net result for the year.

3. Appropriation of the result for the 2018/2019 financial year

The annual accounts for the year 2018/2019 were adopted by the General Meeting held on June 24, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

4. Proposed appropriation of result for the financial year 2019/2020

The management board proposes to transfer the 2019/2020 result to the other reserves for an amount of USD 30,811 thousands. The financial statements do (not yet) reflect this proposal.

5. Post Balance Sheet events

There is no post Balance Sheet event to report.