

CERTIFICATE OF ACCURACY

It is hereby declared that the translation of the enclosed document, from French to English language has been translated by a qualified translator and is, to the best of our knowledge and ability, a true and accurate translation of the corresponding original document.

Signed,

For All Translation Services Pvt. Ltd.

Authorised Signatory



Pawan Bahuguna

**AIRTEL MOBILE COMMERCE
MADAGASCAR
Audit report
Financial year ending on 31st December 2015**

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**AIRTEL
MADAGASCAR S. A.**

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To all the shareholders
AIRTEL MOBILE COMMERCE MADAGASCAR
Bâtiment Kube B
Zone Galaxy, Andraharo,
Antananarivo 101

Report on the financial statements

We have carried out the audit of accounts of the company AIRTEL MOBILE COMMERCE MADAGASCAR, including the balance sheet as on 31st December 2015, as well as the income statement, the statement of changes in capital and the cash flow statement for the financial year closed on 31st December 2015, and notes containing a summary of main accounting methods and other explanatory notes.

Responsibilities of the Management in the establishment and presentation of the financial statements

The Management is responsible for the establishment and sincere presentation of these financial statements. This responsibility includes: The design, implementation and follow-up of an internal check relative to establishment and sincere presentation of the financial statements not consisting of any significant anomalies, which are the result of frauds or errors; the choice and application of appropriate accounting methods, as well as the determination of reasonable accounting estimations with regard to circumstances.

Responsibilities of the Auditor

Our responsibility is to express an opinion on these financial statements on the basis of our audit. We have carried out our audit as per the International Audit terms. These standards require, from our part, to make us comply with ethical rules and to plan and carry out the audit to obtain a reasonable assurance that these financial statements do not contain any significant anomalies.

An audit implies implementation of procedures with a view to gather evidence concerning the amounts and the information given in the financial statements. The choices of procedures are at the discretion of the auditor, and especially his evaluation of risks that whether the financial statements contain any significant anomalies, resulting from fraud or error.

In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and the presentation of the financial statements in order to define the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Private Limited Company with capital of 10000000 MEGA
RCS Tana 2008B00909
STAT 69202112008010924
NIF S00692393
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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements sincerely present, in all their significant aspects, the financial situation of the Company AIRTEL MOBILE COMMERCE MADAGASCAR as on 31st December 2015, as well as the financial performance and the cash flow for the financial year closed on this date, in compliance with the accounting principles applied to Madagascar.

Remarks

Without qualifying our opinion expressed above, we draw your attention to the note 16 of the financial statements related to the continuity of the operation which mentions that the net situation is raised to MGA (-) 15 844 147420.54 for a capital of MGA 2000000, i.e. the loss of more than half of the capital stock. In addition, the current liabilities exceed the current assets of MGA 19 998332560.57. This note also indicates that these conditions, added to the other problem, create a significant state of uncertainty on the capacity of the entity to continue its operation.

Antananarivo, date 27th April 2016

Rado ANDRIAMANANA
Accounting and financial expert

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.
Financial statements 2015

Company name : AIRTEL MOBILE COMMERCE MADAGASCAR
Address of the headquarters: Bâtiment Kube B, Zone Galaxy Andraharo - Antananarivo 101

ASSET BALANCE SHEET

Situation as on 31st December 2015

ARIARY (MGA)					
	31 st December 2015			31st December 2014	
	NOTE	Gross value	Depreciation and provision	Net value	Net value
ASSETS					
Cash and balances with Central Bank	2	20774933.40	0.00	20774933.40	0.00
Treasury bills and related securities		0.00	0.00	0.00	0.00
Assets - Credit establishments	3	22 426 355 196.87		22 426 355 196.87	13 019 574 963.00
		0.00	0.00	0.00	0.00
Assets – other financial institutions		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
Trading portfolio		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
Portfolio of derivative instruments		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
Loans and advances to customers		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
Investment securities		0.00	0.00	0.00	0.00
Intangible fixed assets		0.00	0.00	0.00	121 315 899.90
		0.00	0.00	0.00	
Tangible assets	4	1555366412.84	(1107902 112.96)	447 464 299.88	806301 011.75
		0.00	0.00	0.00	0.00
Deferred taxes - asset	13	3 907 145 497.69	0.00	3 907 145 497.69	2 910 527 251.76
Other assets	5	5 378 448 166.21	0.00	5 378 448 166.21	3 995 797 960.09
TOTAL ASSETS		33 288 090 207.01	(1 107 902 112.96)	32 180 188 094.05	20 853 517 086.50

The annexes, page 7 to 17, are an integral part of the financial statements.

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.
Financial statements 2015

Company name : AIRTEL MOBILE COMMERCE MADAGASCAR
Address of the headquarters: Bâtiment Kube B, Zone Galaxy Andraharo - Antananarivo 101

BALANCE SHEET – LIABILITIES AND EQUITY

Situation as on 31st December 2015

LIABILITIES AND EQUITY	Note	ARIARY (MGA)	
		31st December 2015	31st December 2014
LIABILITIES			
Debts – Credit establishments		0	0
Customer deposits	3	22187629422.95	12739221071.00
Provisions for expenses		0	0
Loans and subordinated securities	6	200424657.53	0
Other liabilities	7	25636281434.10	19992676 065,11
EQUITY			
Capital and Reserves	8	2000000000	2000000.00
Reserves		0.00	0.00
Net profit	8	(6563544470.66)	(5565339469.06)
Balance brought forward	8	(9282602949872)	(6315040580.55)
TOTAL LIABILITIES AND EQUITY		32180188094.05	20853517086.50

The annexes, page 11 to 22, are an integral part of the financial statements.

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.
Financial statements 2015

Company name : AIRTEL MOBILE COMMERCE MADAGASCAR
Address of the headquarters: Bâtiment Kube B, Zone Galaxy Andraharo - Antananarivo 101

OFF BALANCE SHEET

OFF BALANCE SHEET	Note	<u>ARIARY (MGA)</u>	
		<u>31st December 2015</u>	<u>31st December 2014</u>
Commitments given in favour of or on behalf of the Customer		0.00	0.00
Guarantees received from credit establishments	9	1087731400.00	1068973875.00
Commitments given in favour of or on behalf of the Customer		0.00	0.00
Operations in currencies		0.00	0.00
Guarantees received from the State and public bodies		0.00	0.00
Securities held (Treasury bills)		1087731400.00	1068973875.00

The annexes, page 11 to 22, are an integral part of the financial statements.

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.
Financial statements 2015

Company name : AIRTEL MOBILE COMMERCE MADAGASCAR
Address of the headquarters: Bâtiment Kube B, Zone Galaxy Andraharo - Antananarivo 101

INCOME STATEMENT

Period from 1st January 2015 to 31st December 2015

	Note	ARIARY (MGA)	
		31st December 2015	31st December 2014
Interest income	10	961326,64	0,00
Interest expenses		0,00	0,00
Net interest income		961326,64	0,00
Fee and commission income	11	355457518.81	4645562499,40
Fee and commission expenses	11	7553163106.46	(394993932396)
		1802294412.35	695623175,44
Dividends received		0.00	0.00
Net revenue from transaction portfolio		0.00	0.00
Expenses on securities held		0.00	0.00
Net profit from investment portfolio		0.00	0.00
Net income from foreign currency operations	12	(18042977,25)	(12050403,28)
Net expenses on CDL		0.00	0.00
Allocation to provision for expenses		0.00	0.00
Net revenue on other operations		0.00	0.00
OPERATIONAL INCOME		1785212761,74	683572772,16
General administrative expenses	13	8975622551.13	6982777788,03
Other operating expenses	14	528629946.62	528629946,62
Other operating income		0.00	0.00
INCOME BEFORE TAX		(7554698382.78)	(6827834962,49)
Taxes on the profits	15	(47097287.59)	(23547812500
Deferred taxes	15	(1038251199.71)	1286043305,92
NET INCOME FROM ORDINARY ACTIVITIES		(6563544470.66)	(5565339469.0006)
Extraordinary expenses		0.00	0.00
Extraordinary income		0.00	0.00
NET INCOME FROM THE FINANCIAL YEAR		(6563544470,66)	(5565339469,06)

The annexes, page 11 to 22, are an integral part of the financial statements.

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.
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Company name : AIRTEL MOBILE COMMERCE MADAGASCAR
Address of the headquarters: Bâtiment Kube B, Zone Galaxy Andraharo - Antananarivo 101

CASH FLOW TABLE

Period from 1st January 2015 to 31st December 2015

ARIARY (MGA)

	Financial year 2015	Financial year 2014
Cash flow related to operational activities		
Interest income	961326.64	0.00
Interests received	0.00	0.00
Interests paid	0.00	0.00
Commissions received	9355457518.81	4645562499.40
Commissions paid	(7553163106.46)	(3949939323.96)
Receipt on financial instruments	0.00	0.00
Disbursement on financial instruments	0.00	0.00
Customer receipt	29140713441.76	15620867335.43
Customer disbursement	(9356418845.45)	(4 645 562499.40)
Sums paid to "miscellaneous creditors"	(12122252497.13)	(5318134622.78)
Taxes on the income paid	(47125604.30)	(14744964,60)
Cash flow of ordinary activities (1)	9418172233.87	6338048424.09
Receipt on extraordinary activities	0.00	0.00
Payment on extraordinary activities	0.00	0.00
Cash flow of extraordinary activities (2)	0.00	0.00
Net cash flow coming from operational activities (A) = (1) + (2)	9418172233.87	6338048424.09
Cash flow related to investment activities	0.00	0.00
Income on disposal of fixed assets	0.00	0.00
Disbursement on acquisition of fixed assets	(11392000.00)	0.00
Disbursement on acquisition of investment property	0.00	0.00
Dividends received and share of income on investments	0.00	0.00
Net cash flow from investment activities (B)	(11392000.00)	0.00
Cash flow related to finance activities	0.00	0.00
Receipt coming from borrowing	0.00	0.00
Capital in cash		
Partners account	0.00	0.00
Disbursal on loan and comparable debts	0.00	0.00
Dividends paid and other distributions carried out	0.00	0.00
Net cash flow from finance activities (C)	0.00	0.00
Incidence of variations of loading rate on liquidities and quasi-liquidities	0.00	0.00
Variation of cash flow of the period (A) + (B) + (C)	9 406 780 233.87	6 338 048 424.09
Cash flow and equivalent at the start of the financial year	13 019 574 963.00	6 681 526 538.91
Cash flow and equivalent at the end of the financial year	22 426 355 196.87	13 019 574 963.00
Variation of the cash flow of the period	9 406 780 233.87	6 338 048 424.09

The annexes, page 11 to 22, are an integral part of the financial statements.

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.
Financial statements 2015

Company name : AIRTEL MOBILE COMMERCE MADAGASCAR
Address of the headquarters: Bâtiment Kube B, Zone Galaxy Andraharo - Antananarivo 101

TABLE OF CHANGE IN EQUITY

Situation as on 31st December 2015

Description	Capital stock	Premium and reserves	Valuation difference	Result	Balance brought forward	Total
Balance as on 31.December 2013						
Change in accounting methods	2 000000.00	0.00	0.00	(4443587694.87)	(2224514616.44)	(6666102311.31)
Correction or errors	0.00	0.00	0.00	0.00	0.00	0.00
Net profit on changes in the fair value	0.00	0.00	0.00	0.00	353061730.76	353061730.76
Financial instruments	0.00	0.00	0.00	0.00	0.00	0.00
Dividends 2013	0.00	0.00	0.00	0.00	0.00	0.00
Reserves 2013	0.00	0.00	0.00	0.00	0.00	0.00
Retained earnings 2013	0.00	0.00	0.00	4443587694.87	(4443587694.87)	0.00
Operation in capital	0.00	0.00	0.00	0.00	0.00	0.00
Net income from the financial year 2014	0.00	0.00	0.00	(5565339469.06)	0.00	0.00
Balance as on 31.December 2014	2000000.00	0.00	0.00	(5565339469.06)	(6315040580.55)	(11878380049.61)
Change in accounting methods	0.00	0.00	0.00	0.00	0.00	0.00
Correction or errors	0.00	0.00	0.00	0.00	2597777099.74	2719533823.53
Net profit on changes in the fair value	0.00	0.00	0.00	0.00	0.00	0.00
of financial instruments	0.00	0.00	0.00	0.00	0.00	0.00
Dividends 2014	0.00	0.00	0.00	0.00	0.00	0.00
Reserves 2014	0.00	0.00	0.00	0.00	0.00	0.00
Retained earnings 2014	0.00	0.00	0.00	5565339469.06	(5565339469.06)	0.00
Operation in capital	0.00	0.00	0.00	0.00	0.00	0.00
Net income from the financial year 2015	0.00	0.00	0.00	(6563544470.66)	0.00	(6563544470.66)
Balance as on 31.December 2015	2000000.00	0.00	0.00	(6563544470.66)	(9282609949.87)	(15844147420.54)

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.
Financial statements 2015

ANNEXES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR CLOSED AS ON 31ST DECEMBER 2015

1. ESSENTIAL ACCOUNTING PRINCIPLES AND TAX PROVISIONS

AIRTEL MOBILE COMMERCE MADAGASCAR is a public limited company with an objective of sequestration of funds originating from the issue, purchase and transfer of electronic value between the customers. It was established on April 05, 2011 and has its head office in bâtiment Kube B - zone Galaxy Andraharo. The capital stock is of MGA 2000000.

The following main accounting methods have been adopted for the establishment of financial statements.

Establishment of financial statements

The financial statements were established as per the principles and provisions of the Accounting Plan of Credit Establishments (PCEC 2005). The provisions of the annotated guide of the General Accounting Plan (PCG 2005) were taken as reference for some elements which are not specifically mentioned by PCEC 2005.

AIRTEL MOBILE COMMERCE MADAGASCAR establishes its annual accounts by complying with the base accounting conventions, the qualitative characteristics of the financial information and the fundamental principles decreed by the PCEC 2005.

The financial statements include the following elements:

- A balance sheet,
- An off-balance sheet,
- An income statement,
- A table of variations of equity,
- A cash flow table,
- An annex specifying the accounting rules and methods used and providing additional information on the financial statements.

Overview of financial statements.

- Overview of the balance sheet

The balance sheet separately describes the asset, liability and equity elements on the date of closing the accounts.

Besides the general rules relative to the presentation of the financial information, the balance sheet of AIRTEL MOBILE COMMERCE MADAGASCAR groups the assets and liabilities by type and presents them in the order of relative liquidity.

- Overview of the income statement

The income statement of AIRTEL MOBILE COMMERCE MADAGASCA groups the income and expenses and indicates the amounts of main type of income and expenses.

- Overview of the off-balance sheet

The off-balance sheet describes the bank transactions which are not immediately posted as assets or liabilities in the balance sheet, but which give rise to contingencies and commitments.

The off-balance sheet elements can be generated by transactions concluded on behalf of the customers or by operations carried out for own account.

General method of evaluation

Conversion of operations in currencies

The operations in currencies are valued in ARIARY (MGA) during each operation. The profit and loss during exchange are directly posted in the Income statement.

The exchange rate applicable on the closing of accounts are those communicated by the Central Bank of Madagascar, namely:

	<u>2015</u>	<u>2014</u>
1 Us Dollar (USD)	MGA 3 199,2 1	MGA 2,596.73

1.3. Taxes

AIRTEL MOBILE COMMERCE MADAGASCAR is subjected to stipulations of the General Tax code. The main taxes to which the company is subjected are:

- The income tax (IR);
- registration fees.

Besides, the Company must debit:

- Tax on Income from Movable Capital (IRCM);
- Tax on the Income from Salaries and related sources;
- Tax on the income related to income of foreign service providers
- Local VAT
- VAT on foreign services

1.4. Deferred taxes

Are registered in the balance sheet and income statement, the deferred taxes resulting from:

- temporary offset between the accounting recognition of an income or an expense and its consideration in the fiscal result of a financial year in the foreseeable future;
- from fiscal deficits or tax credits that can be carried forward insofar as their attribution on the fiscal benefits or future taxes is probable in a foreseeable future.

2. CASH AND BALANCE WITH CENTRAL BANK

This section records of the electronic currency used for the payment of the service providers in Airtel Money.

3. ASSETS-CREDIT ESTABLISHMENTS

	ARIARY (MGA)	
	31st December 2015	31st December 2014
BMOI Ankorondrano	0,00	2377464.00
BOA Antaninarenina - Trust account(*)	22187629422.95	13019574963.00
BOA Antaninarenina – current account	208725773.92	0.00
Other assets IOB (**)	30000000.00	0.00
	22426355196.87	13019574963.00

(*) The trust account opened at BOA represents the equivalent of electronic currency in circulation that Airtel Mobile Commerce Madagascar uses in the operation of its services as in banking operation. Following the legal requirements defined in CSBF, Airtel Mobile Commerce Madagascar is obligated to stock up this account with an amount equivalent to the electronic currency in circulation.

(**) The other IOB assets represent the electronic currency held with both Intermediaries Bank Operation MVola and Orange Money in the framework of the inter operability respectively MGA 20 000 000,00 and 10 000 000,00 MGA.

4. TANGIBLE FIXED ASSETS

The tangible fixed assets as on 31st December 2015 is detailed as follows:

	ARIARY (MGA)			
	2015		2014	
	Gross value	Depreciation	Net value	Net value
Tangible assets				
- Ground	0.00	0.00	0.00	0.00
- Organization and facilities	0.00	0.00	0.00	0.00
- Construction	0.00	0.00	0.00	0.00
Technical installations	1551342212.84	(1107165629.27)	444176583.57	806301011.75
Other fixed assets	4024200.00	(736483.69)	3287716.31	0.00
Current asset	0.00	0.00	0.00	0.00
	1555366412.84	(1 107902 112,96)	147464299.88	806301011.75

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Technical installations are composed of acquisition of IT equipment:

	Gross value	Description
Technical installations		
HSM Server	166982990.20	Acquired during the second semester of the financial year 2012. This hardware is used to decrypt the requests coming from SIM to the Airtel Money application.
- High Availability server	756264684.04	Acquired during the first trimester of the financial year 2013. This hardware is used for migration of data to a new platform.
- Connectivity BOA	16992840.00	Acquired during the second semester of the financial year 2013. This hardware is used to optimize the quality of the network connection between Airtel Money and the BOA Bank.
- Connectivity JIRAMA	3500000.00	Acquired during the first semester of the financial year 2014. This hardware is used as data transmission channel between Airtel Money and JIRAMA.
- Canopy	59353250000	Acquired in 2014, this hardware is used as distribution point for Airtel Money products.
- Desktop	6701400.00	Acquired during the first quarter of the financial year 2015
- Box Aggregator Shop	7367800.00	Acquired during the first quarter of the financial year 2015
	1551342212,84	

5. OTHER ASSETS

These posts are analyzed as follows as on 31st December 2015

	ARIARY (MGA)	
	31st December 2015	31st December 2014
Accrued Income - Airtel MADAGASCAR	4787219 91.62	3728931243.48
Airtel BV - Airtel Money Group	0,00	2000000,00
Guarantees deposits and securities	53632000,00	0
Expenses paid in advance	15280508.14	0,00
Deductible VAT	476785554.00	251482727.93
Miscellaneous debtors	45530132.75	13383988.58
	5378448166.21	3995797960.09

The 'Accrued income – Airtel MADAGASCAR' account records the revenue generated by the Airtel Money operation.

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It is constituted of revenues generated by M-commerce through different transfers between the subscribers, the revenues from the M-Banking service through transfers between the bank account and the Airtel Money account as well as the commissions on the recharges via Airtel Money.

The account "Deposits and bonds" paid record the bonds issued in favour of the IDF in the commercial partnership.

The "Miscellaneous debtors" account records the remaining revenues (key cost) in the SIM waiting for transfers to our bank accounts.

6. LOANS AND SUBORDINATED SECURITIES

This amount corresponds to the loan of MGA 200000000 and interest paid by Airtel Mobile Commerce at Airtel Madagascar. According to the contract signed on 15 December 2015, the interest on this loan at 3% per annum payable quarterly, while the principal will be repaid following liquidity availability of Airtel Mobile Commerce.

7. OTHER LIABILITIES

These posts are analyzed as follows as on 31st December 2015

		ARIARY (MGA)	
		31st December 2015	31st December 2014
Statement – Taxes on incomes		23 549 475,79	8010 220,24
Trade creditors payable	7.2	931 252 277,45	1 972 654 298,97
Provision bonus		73 275 329,09	88 741 797,96
Airtel Madagascar S. A.	7.3	24 302 881 577,70	17 683 984 674,73
Airtel Zap Trust		0,00	2 401 464,00
VAT collected		299 443 446,04	138 674 697,92
Taxes and duties to be paid		5 879 328,03	98208911,29
		25636281 434,10	19 992 676 065,11

7.1 – The charges to be paid are detailed as follow:

		ARIARY (MGA)	
		31st December 2015	31st December 2014
- Audit fee		17615882.38	26344220.14
- Fee for technical assistance - Infosys		110810022.88	43251987.09
- Customer service charges		22458268.83	18164214.93
- Expenses on M-banking operation		0.00	85918295.00
- IT platform and system maintenance		692904732.99	754735654.13
- Fees for Ibonia and Human resources services and others		28798812.21	19452155,66
- Transport service charge		0.00	771800,12
- Distribution service charge		(12436944.48)	287569055,11
- Marketing service charge		71101500.00	736446916,79
		931252277.45	1 972 654 298,97

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.

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The technical assistance fee account – Infosys is relative to costs paid to Bharti Airtel on behalf of Infosys within the framework of financial reporting support.

The account "distribution delivery costs" records the commission paid to the partners under a product distribution Airtel Money. The decrease is due to an improvement in terms of payment periods and an adjustment in the payment of a distributor.

The account "service marketing costs" records the fees paid to the different communication service providers. The decrease is due to a strong optimization in terms of communication cost.

7.2- 'Airtel Madagascar S.A.' inter-company account

The significant increase of Airtel Madagascar S.A. group account' is due to advance of funds carried out by this company. Thus, the counterpart of all the payments made by Airtel madagascar S.A. on behalf of Airtel Mobile Commerce Madagascar S.A is credited at the level of this account. Note that a reconciliation of the balance as on 31st December 2015 signed by the two parties support the accounted transactions.

8. EQUITY

This section is analyzed as follows as on 31st December 2015

	Net situation 31 st December 2014	Correction or errors	Allocation of earnings 2014	Result 2015	Net situation on 31 st December 2015
- Capital stock	2000000.00	0.00	0.00	0.00	0.00
- Legal reserve	0.00	0.00	0.00	0.00	0.00
- Net income	(5565339469,06)	0.00	(5565339469,06)	(6563544470,66)	(6563544470.66)
Balance brought forward	(6315040580.55)	2597777099.74	(5565339469,06)	0,00	(9282602949.87)
	(11878300049.71)	2597777099.74	0.00	(6563544470.66)	(15844147420.54)

The sole shareholder has decided on 22nd April 2015 to allocate the earnings/losses of the financial year 2014 as "Retained earnings".

The distribution of the capital stock of MGA 2000000.00 composed of 100 shares of face value 20000 MGA is presented as follows:

NAME OF THE SHARE HOLDERS	NUMBER OF SHARES	AMOUNT IN ARIARY
ZAP MOBILE COMMERCE BV	100	2000000.00
	100	2000000.00

9. OFF-BALANCE SHEET OPERATION

The amount of 1087731400.00 MGA represents the guarantee that Airtel Mobile Commerce Madagascar has received from the bank BOA France by virtue of the compliance with the article 63 paragraph 3 of the law no. 95030 which stipulates that:

AIRTEL MOBILE COMMERCE MADAGASCAR S.A.

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‘Any intermediary during bank operations, who, even occasionally, is entrusted with funds as representative of the parties, undertakes immediately to justify a financial guarantee specially allocated to the reimbursement of these funds. This guarantee can only result from a bail bond taken by credit establishment.

10. INTEREST INCOME:

The interest income represents the interest creditors of the current account at the bank BOA.

11. FEE AND COMMISSION NET INCOME

This description is analyzed as follows for the financial year 2015:

	Financial year 2015	Financial year 2014
Fee and commission income - Customer commissions	9355457518.81	4645562499.40
Fee and commission expenses - Commissions paid to the credit establishments (partners)	(7553163106.46)	(3949939323.96)
	1 802 294 412,35	695 623 175,44

The commissions paid to the partners have know a net increase following the development of the activity in general. The distribution network is amplified and the number of customers who have subscribed and used the Airtel Money service is considerably accrued.

12. NET REVENUE FROM FOREIGN CURRENCY OPERATIONS

This post is constituted by the loss of exchange occurred by Airtel Mobile Commerce Madagascar following the payment of invoices of the Pyro supplier

13. GENERAL ADMINISTRATIVE EXPENSES

This description is analyzed as follows for the financial year 2015:

		ARIARY (MGA)	
		Financial year 2015	Financial year 2014
Taxes, duties and similar levies	13.1	203133415.84	181635427.89
Personnel expenses	13.2	757373062.93	0.00
External expenses	13.3	8015116073.06	6801142360.14
		8975622551,83	6982777788.03

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13.1. Taxes, duties and similar levies

Tax expenses and taxes related to tax adjustments from fiscal year 2014 and the tax provisions for fiscal year 2015.

13.2. Personnel expenses

The personnel costs are recorded in this section as of February 2015, date on which the staff has been registered in the name of Airtel Mobile Commerce Madagascar.

13.3. External expenses

The variation of external expenses of 18% is explained by the development of the Airtel Money activity in general. It is distributed as follows : + 49% in computer maintenance, 65% in terms of fees and commissions, + 3% in terms of communication and publicity, - 70% in terms of transport and travel.

Among others, Airtel Mobile Commerce Madagascar began to pay its rent and other expenses related to the couriers and postal services starting from the month of January 2015.

		ARIARY (MGA)	
		Financial year 2015	Financial year 2014
Rents		94859865.35	0.00
IT maintenance	(a)	1829213920.24	1225097553.23
External personnel in the company	(b)	99443 153.00	817 460 332.46
Fee and commissions	(c)	2664 902 923.14	1 613 835 230.37
Publicities, public relations	(d)	3247524302.83	3151958267.11
Transports and travel		42744690.16	(25142520.00)
Entertainment		0.00	5772400.00
Posts and Telecommunications		14749648.19	0.00
Other expenses		21677570.15	12161096.97
		8015116073.06	6801142360.14

(a) The IT maintenance is detailed as follows:

	ARIARY (MGA)	
	Financial year 2015	Financial year 2014
OBERTHUR and PYRO IT maintenance	460163669.80	336835103.15
It maintenance COM VI VA, IT & VAS	1369050250.44	88826245008
	1829213920.24	1225097553.23

The IT maintenance expenses of OBERTHUR Technologies SA and PYRO Networks PVT Ltd are relative to the maintenance of the Airtel Money IT platform while the COMVIVA Technologies LTD IT & VAS concern the fees on the number of transactions on the platform.

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(b) The post 'Outside staff' is detailed as follows:

	ARIARY (MGA)	
	Financial year 2015	Financial year 2014
IBONIA services	54379763	103973328.31
Outside staff services	45063390	701082080.76
	99443153.00	817460332.46

The exponential decrease in external staff benefits is due to the fact that as of February 2015, these people became employees of Airtel Mobile Commerce Madagascar.

(c) The fee and commissions are detailed as follows

	ARIARY (MGA)	
	Financial year 2015	Financial year 2014
Fee for technical assistance	67558039.18	34515094.90
Fee for Airtel network technical assistance	2338864380.00	1161390624.85
Fee and expenses of legal procedures	11269360.86	6000000.00
Audit fee	17624319.80	8444484.11
Freelance fee	229586823.60	403485026.51
	2664902923.14	1613835230.37

The fee for technical assistance is relative to charges paid to INFOSYS within the framework of support in financial reporting.

The fee for Airtel network technical assistance is relative to the charges paid to Airtel MADAGASCAR as per the use contract of its telephone network.

The 'Freelance fee' account records the expenses occurred by the recruitment, checking and follow-up of actions at the level of our customers, partners and distributors of Airtel Money.

(d) The entry of 'Publicities, public relations' is composed of the following elements:

	ARIARY (MGA)	
	Financial year 2015	Financial year 2014
Media plan (Television-radio-newspaper-signboards...)	(68837284.15) 28727.90	551530666.54
Promotion (Goodies-distributor...)	402.76	1949425889.15
Other publicities	189996910.94	615932974.42
Marketing actions	253574273.28	35.068737.00
	3247524302.83	3151 958 267,11

In the year 2015, Airtel Mobile Commerce has created a synergy with Airtel GSM, or even optimized media plan expenditures.

The 'Other Publicities' account records the expenses in publicities such as display boards, wall painting and other means of publicity.

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The 'marketing action' account, records the expenses in events and actions on site.

14. OTHER OPERATING EXPENSES

This description is analyzed as follows for the financial year 2015:

	ARIARY (MGA)	
	31st December 2015	31st December 2014
Expenses on M-banking operation	(6364776.00)	103219388.00
Charging depreciation	370228711.87	425410558.62
Interest on loans	424657.53	0.00
	364288593.40	528629946.62

15. TAX SITUATION

For the financial year 2015, AIRTEL MOBILE COMMERCE MADAGASCAR presents a deficit tax result of MGA 5,179,961,948.39. The tax on the income following the minimum of tax defined by the tax legislations is raised to MGA 47097287.59.

The variation of deferred tax of MGA 1038251199.71 corresponds to the deferrable tax deficit as well as the difference between the tax depreciation and accounting depreciation of the financial year 2015, which will be allocated to the taxable profits of the next five years.

16. GOING CONCERN

During the last three years, the company could not maintain its own capital on top of the legal minimum, which is half of the share capital. However, under Articles 685 and 686 of the Law on Commercial Companies, the company undertakes, latest by the closing of the second financial year following the current one during which the recognition of losses is occurred, to reduce its capital, of an amount at least equal to the one of losses which were not allocated to reserves if, within this timeline, the equity was not reconstituted upto an amount of value of at least equal to half of the capital stock.

In addition, in 2015, the company reported a net loss of MGA 6,563,000,000 (2014: loss of 5.565 billion MGA). On 31 December 2015, the account of retained earnings has a balance of MGA (-) 9.282 billion (2014: negative 6.315 billion) and the current liabilities exceed the current assets of MGA 19.998 billion (2014: MGA 28.736 billion).

The people in charge of Corporate Governance have therefore conducted an evaluation of the capability of the company to continue its operations and felt that it has the resources to continue operations within twelve months of the end of year:

- the Company received a letter of support from the parent company, Bharti Airtel International (Netherlands) B.V.,

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- The Company generates the operating cash flows amounting at least reaching those mentioned in the annual budget. The generation of these flows depends on the ability of management to achieve the operational objectives that have been fixed.
- The Company will be able to obtain the necessary shareholders funds to meet its obligations when they come to term.

The persons who are responsible for the Corporate Governance are confident that the above presented funding mechanism will work to enable the company to meet its obligations.

The financial statements were prepared as per the going concern principles. This supposes that the company is going to continue to receive the support from BHARTI AIRTEL INTERNATIONAL B.V. and it is going to realize its assets and repay its debts in the normal course of its activities.

17. EVENTS POST CLOSING

Airtel Mobile Commerce has been the subject of a tax audit in February 2016 and that, in fiscal year 2014. The original notification amounting to 135 MGA 402,290.75 was accepted by the Company. This amount was accrued in December 31, 2015. Furthermore, the provisions amounting to MGA 67701145.38 also recognized for the fiscal year 2015.

18. ADDITIONAL INFORMATION

18.1. Description of the intragroup operations

AIRTEL AFRICA having its headquarters at Nairobi Kenya provides foreign services such as technical assistance in IT and finance.

AIRTEL MADAGASCAR S.A. takes into account the cash flow of the company AIRTEL MOBILE COMMERCE MADAGASCAR and the operations are posted in the inter-company accounts.

The transactions of the inter-company accounts to be paid and received and summarized as follows:

Intra group to be paid

Company	AIRTEL MADAGASCAR S.A.	AIRTEL ZAP TRUST	AIRTEL MONEY BV
Opening balance	17 683 984 674,73	2 401464,00	0.00
Charges of financial year	6618 896 902,97	0.00	0.00
Payments carried out	0.00	(2 401464,00)	0.00
Other transactions (loan)	0.00	0.00	0.00
Re-evaluation of balance in currencies	0.00	0.00	0.00
Closing balance	24 302 881 577,70	0.00	0.00

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Intra group to be received:

Company	AIRTEL MADAGASCAR S.A.
Opening balance	372893124348
Income of the financial year	1058288728.14
Closing balance	4787219971.62

18.2. Possible liabilities

The fiscal regulation is currently for three years. The financial year 2015 is not still fiscally prescribed.

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To all the shareholders
AIRTEL MOBILE COMMERCE MADAGASCAR
Bâtiment Kube B
Zone Galaxy, Andraharo,
Antananarivo 101

Report on the financial statements

SPECIAL AUDIT REPORT
ON THE OPERATIONS MENTIONED BY THE ARTICLES 464 to 474
OF THE LAW NO.2003-036 DATED 30 JANUARY 2004
Financial year ending on 31st December 2015

Respected Sir/Mam

As an Auditor of your company, we present to you our report on the regulated conventions.

We have not researched the existence of the conventions but to communicate to you, on the basis of the information provided to us, the characteristics and essential modalities of those which have been informed to us, without having to pronounce to us their utility and legitimacy. You must assess the interest involved in the conclusion of these conventions with a view to their approval.

We have carried out our work as per the Professional standards applicable in Madagascar; these standards require the implementation of diligence intended to check the consistency of information which have been given to us with the base documents provided.

1. Conventions approved during the previous financial year whose execution is continued during the financial year 2015.

Any contract falling within the category of regulated agreements has been concluded in prior years to continue during fiscal year 2015.

2. Conventions concluded during the financial year

a. Service contract between Airtel Mobile Commerce Madagascar S.A. and Airtel Madagascar S.A.

By the contract dated 15 June 2013, the parties have agreed to a certain number of services rendered by Airtel Madagascar to Airtel Mobile Commerce Madagascar, related to the service “AIRTEL MONEY”.

The authorisation of the Supervisory Banking and Finance Commission to act as an intermediary in banking operation to operate the service of AIRTEL MONEY was transferred to the company Airtel Mobile Commerce Madagascar.

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The parties are agreed to make changes to the original contract.

They are reconciled in order to establish a new contract which will cancel and replace those dated June 15, 2013. The new contract is particular, a part on a cash advance by Airtel Madagascar SA, for the service of Airtel Mobile Commerce Madagascar SA, has a rate of 3%, and on the other hand, to a share of the revenue generated by transactions Airtel Money in respect of the use of the network of Airtel Madagascar SA and 25% of the total revenues generated.

3. Conventions to be signed and submitted for further ratification of the General Administrator

a. Loan contract between Airtel Mobile Commerce Madagascar S.A. and Airtel Mobile Commerce BV.

Airtel Mobile Commerce S.A. plans to borrow funds from Airtel By Mobile Commerce, was of USD 100000000, at a 6% interest rate for a period of 5 years.

Antananarivo, 27th April 2016

Rado ANDRIAMANANA

Accounting and financial expert