AIRTEL MOBILE COMMERCE RWANDA LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015
## CONTENTS

- Company Information
- Report of the Directors
- Statement of Directors' Responsibilities
- Report of the Independent Auditors
- Financial Statements:
  - Statement of Financial Position
  - Statement of profit or loss
  - Statement of Changes in Equity
  - Statement of Cash Flows
  - Notes to the Financial Statements

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Information</td>
<td>1</td>
</tr>
<tr>
<td>Report of the Directors</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Directors' Responsibilities</td>
<td>3</td>
</tr>
<tr>
<td>Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>6</td>
</tr>
<tr>
<td>Statement of profit or loss</td>
<td>7</td>
</tr>
<tr>
<td>Statement of Changes in Equity</td>
<td>8</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>9</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>10-20</td>
</tr>
</tbody>
</table>
AIRTEL MOBILE COMMERCE RWANDA LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Airtel Rwanda Limited
Remera, Gasabo
P.O. Box 4164
Kigali
Rwanda

BANKERS

Bank of Kigali Limited
Avenue de la Paix
P.O. Box 175
Kigali

I&M Bank Rwanda Limited
KN 3AV/9
P.O. Box 354
Kigali
Rwanda

SECRETARY

Mr. Brian Kirungi
C/o Airtel Rwanda Limited
P.O. Box 4164
Kigali
Rwanda

AUDITORS

Ernst & Young Rwanda Limited
Certified Public Accountants
Bank of Kigali Building
Avenue de la Paix
P.O. Box 3638
Kigali
Rwanda
AIRTEL MOBILE COMMERCERWANDA LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors submit their report and the audited financial statements for the year ended 31 December 2015 which show the state of the company's affairs.

1. PRINCIPAL ACTIVITIES

The principal activity of the company is to hold the funds in the Airtel Money infrastructure in trust, for Airtel Money E-Value account holders.

2. RESULTS

The company did not engage in trading activities during the year.

3. DIRECTORS

The directors who served during the year and to the date of this report were:

Mr. Tino Uneken
Mr. Michael Nij Boye Adjei
Mr. Tano Oware
Mr. Brian Kirungi
Mr. Akinfela Akoni

- Appointed on 15 October 2015
- Appointed on 15 October 2015
- Appointed on 15 October 2015
- Resigned on 8 May 2015

4. AUDITORS

Ernst & Young Rwanda Limited have expressed their willingness to continue in office.

By order of the Board

Secretary

21/05/2016
AIRTEL MOBILE COMMERCE RWANDA) LIMITED
STATEMENT OF DIRECTOR’S RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

The Law No. 07/2009 of 24/04/2009 relating to companies as amended requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the company keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the company. They are also responsible for the designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Law No. 07/2009 of 27/04/2009 relating to companies as amended. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

[Signatures]

Date: 31/12/2016
REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
AIRTEL MOBILE COMMERCE RWANDA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Airtel Mobile Commerce Rwanda Limited which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 6 to 20.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Law No. 07/2009 of 27/04/2009 relating to companies as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Airtel Mobile Commerce Rwanda Limited as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and and Law No. 07/2009 of 27/04/2009 relating to companies as amended.
REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Law No. 07/2009 of 27/04/2009 relating to companies as amended we report to you, based on our audit, that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) The company’s statement of financial position and statement of comprehensive income are in agreement with the books of account.

ALLAN GICHIUH
For Ernst & Young Rwanda Limited

Kigali

29/04/2016
AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rwf'000</td>
<td>Rwf'000</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>Rwf'000</td>
<td>Rwf'000</td>
</tr>
<tr>
<td>3(a)</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>4</td>
<td>2,704,590</td>
<td>1,542,919</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>2,714,590</td>
<td>1,552,919</td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>5</td>
<td>10,000</td>
</tr>
<tr>
<td>2015</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>3(b)</td>
<td>20,285</td>
</tr>
<tr>
<td>Due to E-Value holders</td>
<td>6</td>
<td>2,684,305</td>
</tr>
<tr>
<td>2015</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1,541,419</td>
<td></td>
</tr>
<tr>
<td>TOTAL EQUITY AND LIABILITIES</td>
<td>2,714,590</td>
<td>1,552,919</td>
</tr>
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</table>

The financial statements were approved by the Board of Directors on 31.3.2016 and signed on its behalf by:

Directors

Date 29/4/2016
<table>
<thead>
<tr>
<th></th>
<th>2015 Rwf '000</th>
<th>2014 Rwf '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss before taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td></td>
<td></td>
</tr>
</tbody>
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## AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>Period ended 31 December 2014</th>
<th>Ordinary share capital (Rwf '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 01 January 2014</td>
<td>10,000</td>
</tr>
<tr>
<td>Share Capital Paid</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>10,000</td>
</tr>
<tr>
<td>Year ended 31 December 2014</td>
<td></td>
</tr>
<tr>
<td>At 01 January and 31 December 2015</td>
<td>10,000</td>
</tr>
</tbody>
</table>
AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>2015 Rwf '000</th>
<th>2014 Rwf '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in amount due to E-Value holders</td>
<td>1,142,886</td>
<td>1,372,789</td>
</tr>
<tr>
<td>Decrease in amount due to related parties</td>
<td>18,785</td>
<td>(19,772)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>1,161,671</td>
<td>1,353,017</td>
</tr>
<tr>
<td>Income tax paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>1,161,671</td>
<td>1,353,017</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalent</td>
<td>1,161,671</td>
<td>1,353,017</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>1,542,919</td>
<td>189,902</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year (Note 4)</td>
<td>2,704,590</td>
<td>1,542,919</td>
</tr>
</tbody>
</table>
1. CORPORATE INFORMATION

Airtel Mobile Commerce Rwanda limited is a limited liability company registered and domiciled in Rwanda and licensed under the Law no 06/2002 on Commercial Enterprises in Rwanda. The Company was incorporated on 1 December 2012. The address of its registered office and principal place of business is stated in page 1. The company is incorporated and domiciled in Rwanda and owned by Airtel Mobile Commerce B.V with 99% of the shares and Airtel Mobile Commerce Holding B.V with 1% share in the company.

2. ACCOUNTING POLICIES

2.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies were consistently applied during the year, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Rwandan Franc (Rwf).

b) Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company’s accounting policies. The company does not hold any assets of its own and therefore did not apply any estimates or impairment of assets.

d) Income recognition

Currently the company does not engage in any activities that generate any form of revenue.

e) Payables and accruals

Payables and accruals being short term in nature are carried at cost as the effect of computing interest is considered to be insignificant.

f) Retirement benefit costs

Currently the company operates solely under the Airtel Networks Rwanda infrastructure and does not have staff of its own.

g) Taxation

No taxes were accrued for in the year as the company did not engage in trading activities during the year.

h) Cash and cash equivalents

Cash and cash equivalents are defined as cash in bank accounts, held on behalf of E-Value account holders of Airtel Networks Rwanda. For the purposes of the statement of cash flows cash and cash equivalents comprise bank balances.
2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

(i) New accounting standards, amendments and interpretations

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company, since none of the entities when in the Company has defined benefit plans with contributions from employees or third parties. These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Company has identified any performance and service conditions which are vesting conditions in previous periods. These amendments did not impact the Company’s financial statements or accounting policies as it is not party to any share-based payments.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment did not impact the Company’s financial statements or accounting policies as it has not entered into any business combinations.

IFRS 8 Operating Segments

The amendments are applied retroactively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. This amendment did not impact the Company’s financial statements or accounting policies.
2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

(i) New accounting standards, amendments and interpretations (Continued)

**IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the Company during the current period as the Company does not apply a revaluation policy.

**IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

**Annual improvements 2011-2013 Cycle**

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

**IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

Airtel Rwanda Limited is not a joint arrangement and did not acquire a joint arrangement, and thus this amendment is not relevant for the Company and its subsidiaries.

**IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

**IAS 40 Investment Properties**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. The amendment does not impact the Company as it does not hold any investment properties.
2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

(ii) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date. The Company is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.
2.2 Changes in accounting policies and disclosures (Continued)

(ii) Standards issued but not yet effective (continued)

*Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company as it is not party to any joint arrangements.

*Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

*Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.
2.2 Changes in accounting policies and disclosures (continued)

(ii) Standards issued but not yet effective (continued)

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company’s financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

Annual improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.
2.2 Changes in accounting policies and disclosures (continued)

(ii) Standards issued but not yet effective (continued)

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The company intends to adopt these standards when they become effective.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

(ii) Standards issued but not yet effective (continued)

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the company as it is not an investment entity.

IFRS 16 Leases

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Key features

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees - leases of ‘low-value’ assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today’s lessor accounting, using IAS 17’s dual classification approach.
3. RELATED PARTY TRANSACTIONS AND BALANCES

   a) Amounts due from related parties in relation to Paid up share capital
      2015  2014
      Rwf '000  Rwf '000
      10,000  10,000

   b) Amounts due to related parties
      20,285  1,500

   c) Key management compensation

Key management are not compensated for their positions on the board of Airtel Mobile Commerce.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

   2015  2014
   Rwf '000  Rwf '000

Cash at bank 2,704,590  1,542,919

5. SHARE CAPITAL

Authorised:
100 ordinary shares of Rwf 100,000 each

   2015  2014
   Rwf'000'  Rwf'000'
   10,000  10,000

Issued and fully paid:
100 ordinary shares of Rwf 100,000 each

   2015  2014
   Rwf'000'  Rwf'000'
   10,000  10,000

Airtel Mobile Commerce B.V holds 99 ordinary shares while Airtel Mobile Commerce Holding B.V holds 1 ordinary share in the company.

6. DUE TO E-VALUE HOLDERS

   2015  2014
   Rwf'000'  Rwf'000'
   E-Value amounts in circulation in Mobiquity system 2,684,305  1,541,419
8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise cash and cash equivalents, receivables and payables. These instruments arise directly from its operations. The company does not speculate or trade in derivative financial instruments.

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

The directors have overall responsibility for the establishment and oversight of the company's risk management framework. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

(i) Foreign Exchange Risk

Foreign exchange risk arises from future investment transactions on recognized assets and liabilities. The company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. All gains or losses on changes in currency exchange rates are accounted for in the statement of comprehensive income.

(ii) Interest Rate Risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates. The interest rate exposure arises mainly from the interest rate movements on the borrowings. However, the company does not engage in borrowing activities as its obligation is to hold cash in trust.

CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various services providers, prepayments and bank balances. The Company does not involve itself in trading activities hence it is not exposed to credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations from its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company’s reputation.
8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations and are faced by all business entities.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management of the company.

9. CAPITAL MANAGEMENT

The primary objectives of the company is to hold, in trust, the funds owing to the Airtel Mobile Commerce e-value holders and safeguard the safety and sanctity of these funds. The company does not trade and is not allowed to deal in these funds otherwise than to settle obligations arising from genuine transaction of Airtel Mobile Commerce E-Value. The principal obligation of the company is not to maximize wealth but to safeguard third party funds.

The capital structure of the company consists of cash and cash equivalents. In order to maintain or adjust the capital structure, the company may return loan capital to shareholders, issue new shares or sell assets to reduce debt.

10. OPERATIONS

The directors have put in place internal controls systems which include instituting measures ostensibly to ensure adequate accounting records are maintained.

11. COMPARATIVES

Where necessary, comparative figures have been adjusted to take into account changes in the presentation.

12. INCORPORATION

The company is incorporated in Rwanda.

13. CURRENCY

These financial statements are presented in Rwandan Franc.