AIRTEL MOBILE COMMERCE (SL) LIMITED
(Formally Zap Trust (SL) Limited)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
AIRTEL MOBILE COMMERCE (SL) LIMITED
(Formerly Zap Trust (SL) Limited)
Financial Statements for the year ended 31 December 2015

GENERAL INFORMATION

Directors
Dapo Olasope
Pokele Sanjeet Kumar

Registered office
Airtel House
26 Regent Road, Hill Station
Freetown, Sierra Leone

Secretary to the Board
Haffie Haffner

Solicitors
Bassma & Macaulay
26 Main Motor Road
Brookfields
Freetown, Sierra Leone

AUDITORS
BDO
Regent House
12 Wilberforce Street
Freetown
Sierra Leone

BANKERS
Ecobank (SL) Limited
Zenith Bank (SL) Limited
Guaranty Trust Bank (SL) Limited
Access Bank (SL) Limited
REPORT OF THE DIRECTORS TO MEMBERS OF AIRTLE MOBILE COMMERCE (SL) LIMITED

The directors have the pleasure in presenting their report and financial statements of the operations of Airtel Mobile Commerce (SL) Limited for the year ended 31st December 2015.

Nature of business

Airtel Mobile Commerce (SL) Limited is a limited liability company whose principal activity involves provision of electronic cash services. The primary objective is geared towards creating cashless environment. The process entails converting physical cash into virtual cash to be held on customers' phones from any agent location (cash in transaction). Customers can then use the money to conduct basic transactions namely: sending money to friends and relatives (P2P transaction), making purchases from merchants locations (supermarkets, shops, etc), payments of bills such as DSTV, electricity and water (Bill payments transaction), purchase of airtime (airtime transaction). Airtel Mobile Commerce B.V (formally Celtel (SL) Holdings B.V), is the majority shareholder, a private limited liability company incorporated in accordance with the laws of the Netherlands having its registered office in Hoofdorp, with the address Siriusdreef 17-27-2132, LR Hoofdorp.

Share capital

The company has authorised, issued share capital of 10 million divided into 1,000 ordinary shares of Le 10,000 each.

Number of employees and remuneration

During this period the activities of Airtel Mobile Commerce were undertaken by GSM staff. The company however has policies and procedures in place to safeguard the occupational health, safety and welfare of its employees for the future.

Gifts and donations

During the period, the company did not make any form of donation.

Property, plant and equipment

The company did not acquire any property, plant and equipment.

Results of Operations

The revenue, cost of operation and taxation have been accounted for as part of the financial statements of Airtel (SL) Limited for year ended 31st December 2015. Airtel (SL) Limited acts as the trustee of the funds held in trust and earns revenue for this service.

Auditors

In accordance with Section 308 of the Companies Act, 2009 a resolution of the company for the re-appointment of BDO as statutory auditors of the company is to be proposed at the forth-coming Annual General Meeting.
REPORT OF THE DIRECTORS TO MEMBERS OF AIRTÉL MOBILE COMMERCE (SL) LIMITED
(CONTINUED)

Statement on Corporate Governance

Airtéll Mobile Commerce (SL) Limited takes the issue of corporate governance seriously. The company’s focus is to have a sound corporate governance framework that contributes to improved corporate performance and accountability in creating long term shareholder value.

The board of directors meets at least four (4) times a year and concerns itself with strategic matters and the responsibilities for implementing the company’s strategy. The board of directors continues to provide considerable depth of knowledge and experience to the business.

There is strong focus by the Audit Committee on matters relating to financial operations, fraud, application of accounting and control standards and results. The Audit Committee also meets at least four (4) times in the year.

The company has put in place a code of conduct that sets out the standards as to how staff should behave with all stakeholders. An effective monitoring mechanism to support management’s objective of enforcing the code of conduct has been developed and will be used across the company.

The Companies Act, 2009 requires the directors of Airtéll Mobile Commerce (SL) Limited to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of each financial year and of its results. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors 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 estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies Act, 2009 and the Payment System Act, 2009. The directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the company and of its result in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

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

By order of the board.

Haffie Haffner
Secretary to the Board of Directors

Date 31/05/16
Freetown, Sierra Leone
INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF AIRTEL MOBILE COMMERCE (SL) LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Airtel Mobile Commerce (Sierra Leone) Limited, which comprise the statement of financial position as at 31 December 2015, the statement of cashflows and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 23.

Directors’ responsibility for the financial statements

The company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2009 and the Payment System Act, 2009, and for such internal controls as the directors determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error.

Auditors’ 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 (ISA). 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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements of the entity 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 controls. 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 (SL) Limited as at 31st December 2015, and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2009.

BDO

Date 31st May 2016
Freetown, Sierra Leone
### STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>Assets</th>
<th>Notes</th>
<th>2015 Le million</th>
<th>2014 Le million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from related party</td>
<td>5</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank and cash balances</td>
<td>6</td>
<td>12,225</td>
<td>10,241</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>12,225</td>
<td>10,241</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stated Capital</td>
<td>7</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to E-Value holders</td>
<td>8</td>
<td>12,215</td>
<td>10,231</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>12,215</td>
<td>10,231</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>12,225</td>
<td>10,241</td>
</tr>
</tbody>
</table>

Signed on behalf of the Board:

*Signature*

**Director**

Date: 31/05/2016

**Director**

Date: 31/07/16

The attached notes 1 to 23 form an integral part of these financial statements.
<table>
<thead>
<tr>
<th>Notes</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Le million</td>
<td>Le million</td>
</tr>
<tr>
<td>Working capital adjustments:</td>
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</tr>
<tr>
<td>Increase in due to E-value holders</td>
<td>1,983</td>
<td>7,025</td>
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<tr>
<td>Decrease in due from/(to) related parties</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Net cashflows from operating activities</td>
<td>1,983</td>
<td>7,035</td>
</tr>
<tr>
<td>INCREASE IN CASH AND CASH EQUIVALENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>10,241</td>
<td>3,205</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</td>
<td>12,225</td>
<td>10,241</td>
</tr>
</tbody>
</table>

The attached notes 1 to 11 form an integral part of these financial statements.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Airtel Mobile Commerce (SL) Limited was incorporated in Sierra Leone in accordance with the provisions of the Companies Act, 2009 as a private limited liability company domiciled in Sierra Leone. The name was changed from Zap Trust (SL) Limited. The address of its registered office is Airtel House, 25 Main Road, Hill Station Regent, Freetown, Sierra Leone. The principal activity of the company continues to be the provision of electronic cash services.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Airtel Mobile Commerce (SL) Limited have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates 'the functional currency'.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income/cost. All other foreign exchange gains and losses are presented in the statement of comprehensive income within other (losses)/gains.

2.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.4 Investments

The Company classifies its investments into the following categories: held-to-maturity financial assets and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at the end of every reporting period.

(a) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Company's management has the positive intention and ability to hold to maturity.

Investment in government securities such as treasury bills and bearer bonds are held at amortised cost.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

(c) Equity investments

Equity investments are non-derivative financial assets such as equity shares in local and foreign companies.

Purchases and sales of investments are recognised on the trade date, that is the date on which the Company commits to purchase or sell the asset. Investments are carried at cost and are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

2.5 Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held-to-
maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. For investments designated as at fair value through profit or loss, the following criteria must be met:

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis or;

The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value. Changes in fair value are recorded in 'Fair value gains and losses'. Interest is accrued and presented in 'Investment income' or 'Finance cost', respectively, using the effective interest rate (EIR). Dividend income is recorded in 'Other operating income' when the right to the payment has been established.

The Company evaluates its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve (equity). Where the insurer holds more than one investment in the same
security that they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale investments is reported as interest income using the EIR. Dividends earned whilst holding available-for-sale investments are recognised in the income statement as 'Investment income' when the right of the payment has been established. When the asset is derecognised the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cashflows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the statement of comprehensive income.

**Loans and other receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in ‘finance income’ in the statement of comprehensive income. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

**Held to maturity financial assets**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortisation is included in 'Investment income' in the statement of comprehensive income. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

**Derecognition of financial assets**

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cashflows from the asset have expired or:

The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cashflows in full without material delay to a third party under a 'pass-through' arrangement; and either:

The Company has transferred substantially all the risks and rewards of the asset or
The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cashflows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2.6 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cashflows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cashflows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cashflows (excluding future expected credit losses that have not been incurred) discounted at the asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cashflows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a
future write-off is later recovered, the recovery is credited to the 'finance cost' in the statement of comprehensive income.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cashflows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cashflows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cashflows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

**Available-for-sale financial investments**

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. The Company treats 'significant' generally as 20% and 'prolonged' generally as greater than six months. Where there is evidence of impairment, the cumulative loss:

- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income
- is removed from other comprehensive income and recognised in the income statement.

Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cashflows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.
2.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

2.8 Derivative financial instruments and hedge accounting

Initial recognition and subsequently measurement

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as financial assets when the fair value financial assets is positive and as financial liabilities when the fair value is negative.

Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments.

Derivatives embedded in other financial instruments are treated as separate derivatives and are recorded at fair value if their economic characteristics and risks are not closely related to those of the related host contract and the host contract is not itself recorded at fair value through the statement of comprehensive income. Embedded derivatives that meet the definition of insurance contracts are treated and measured as insurance contracts. Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future. These instruments are initially recorded at fair value. Subsequent to initial recognition, these instruments are remeasured at fair value.

Derivative financial instruments designated as hedging instruments, for example, forward currency contracts and interest rate swaps, are entered into by the Company to hedge its risks associated with interest rate and foreign currency fluctuations.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow and net investment hedges, which are recognised in other comprehensive income. For the purpose of hedge accounting, hedges are classified as:

(a) Fair value hedges, when the hedge exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such asset, liability or firm commitment, is attributable to a particular risk.

(b) Cashflow hedges, when the hedge exposure to variability in cashflows of a recognised asset or liability or a highly probable forecast transaction.

(c) Hedges of a net investment in a foreign operation.

The following criteria must be in place before the Company will use hedge accounting:

(i) Formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied.

(ii) The hedge is documented at inception showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period and the hedge is effective
on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cashflow attributable to hedged risk during the period for which the hedge is designated are expected to offset in range of 80% to 125%

(iii) For a cashflow hedge, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cashflows that could ultimately affect the statement of comprehensive income.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

**Fair value hedges**

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative (hedge instrument) is recognised in the statement of comprehensive income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is recognised in the statement of comprehensive income.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income. The change in the fair value of the hedging instrument is also recognised in the statement of comprehensive income.

The Company discontinues fair value hedge accounting if the hedging instrument expires, is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of comprehensive income.

The Company hedges interest rate risk and exchange rate risk on certain fixed interest rate investments using swaps, exchange traded futures and other forward exchange contracts.

**Cashflow hedges**

For designated and qualifying cashflow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cashflow hedge reserve, while the ineffective portion is recognised immediately in the statement of comprehensive income. Amounts taken to other comprehensive income are transferred to the statement of comprehensive income when the hedged transaction affects the statement of comprehensive income, such as when hedged financial income or financial expense is recognised or when the forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the forecast transaction is no longer expected to occur, cumulative amounts previously recognised in other comprehensive income are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.
Current versus non-current classification

Derivative instruments that are not designated and effective hedging instruments are separated into current (amounts expected to be recovered or settled within 12 months) and non-current portions (amounts expected to be recovered or settled for more than 12 months) based on an assessment of the facts and circumstances (i.e., the underlying contracted cashflows):

(i) Where the Company will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

(ii) Embedded derivates that are not closely related to the host contract are classified consistent with the cashflows of the host contract.

(iii) Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

2.9 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published bid values in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cashflow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques because current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit and liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ("Day 1" profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

For discounted cashflow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values. The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cashflow techniques. Expected cashflows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.
2.10 **Financial liabilities**

**Initial recognition and subsequent measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, minus directly attributable transaction costs.

The Company's financial liabilities include investment contracts without DPF, net asset value attributable to unit holders, trade and other payables, borrowings, insurance payables and derivative financial instruments.

**Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification, as follows:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

**Interest bearing loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of comprehensive income.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.11 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the Weighted Average Method (WAM). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the debtors have become incapable to comply with the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is
uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the profit or loss.

2.14 **Cash and cash equivalent**

Cash and cash equivalents are defined as cash in bank accounts, held on behalf of E-value account holders of Airtel Networks. For the purposes of the statements of cash flows, cash and cash equivalents comprise bank balances.

2.15 **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 **Account payables and accruals**

Trade payables and accruals being short term in nature are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.18 **Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity in the statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
2.19 Employment benefits

(a) Post-employment obligations
Currently the company operates solely under the Airtel Networks infrastructure and does not employ staff on its own.

2.20 Provisions

Provisions for legal claims and other costs are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of goods and services tax, returns and discounts.

The company recognises revenue and expenses on an accruals basis, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the company has released products to the distributors irrespective of when the resulting monetary or financial flow occurs. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In accordance with the principle of prudence, foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and
equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The financial risks the company is exposed to are minimal. Nevertheless management keeps a keen focus on these risk factors so that preventive action can be taken when the situation demands.

(a) Market risk

(i) Foreign exchange risk

The company undertakes transactions in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Except for loans the company’s policy is that invoices are settled without any significant delay thus reducing the company’s foreign exchange risk.

(ii) Price risk

The company competes with other suppliers and marketers of fuel and lubricants. This however does not expose the company to any significant price risk.

(iii) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets, the group’s income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

The company does not ordinarily grant credits. It operates virtually on cash basis. Where credits are granted, it is normally to trusted customers.

(c) Liquidity risk

The company adopts a prudent liquidity risk management approach which implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the company’s liquidity reserve on the basis of expected cashflow. In addition, the company’s liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its obligations and monitoring liquidity ratios.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. In most instances the resulting accounting estimates will, by definition, seldomly equal the related actual results. There were no known estimates and assumptions that are estimated to have a significant risk of
causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**NEW STANDARDS AND INTERPRETATIONS**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(a) **IFRS 9, Financial Instruments**

IFRS 9, published in July 2014 and effective for reporting periods beginning on or after 1 January 2018, introduces new requirements for the classification and measurement of financial assets and details amendments to the classification and measurement requirements and the impairment of financial assets.

(b) **FRS 15, Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes and provides a detailed framework on revenue recognition.

It is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The company’s principal business activity is however the issue of insurance contracts to which IFRS 4 applies.

The company will consider the impact of these standards on its reporting framework and will determine whether early adoption is appropriate.

Other standards which have been promulgated but not expected to have any significant impact on the Company’s financials include IAS 19, Defined Benefits Plans (Amended).

5. **DUE FROM RELATED PARTY**

<table>
<thead>
<tr>
<th></th>
<th>2015 (Le million)</th>
<th>2014 (Le million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel Mobile Commerce BV</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

6. **BANK BALANCES AND CASH**

<table>
<thead>
<tr>
<th></th>
<th>2015 (Le million)</th>
<th>2014 (Le million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>12,225</td>
<td>10,241</td>
</tr>
</tbody>
</table>
7. STATED CAPITAL

The company authorised and issued share capital is 1,000 ordinary shares of 10,000 each.

<table>
<thead>
<tr>
<th></th>
<th>Number of Shares</th>
<th>2015 Amount (Le million)</th>
<th>Number of Shares</th>
<th>2014 Amount (Le million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued and paid up</td>
<td>1,000</td>
<td>10</td>
<td>1,000</td>
<td>10</td>
</tr>
</tbody>
</table>

8. DUE TO E-VALUE HOLDERS

<table>
<thead>
<tr>
<th></th>
<th>2015 Le million</th>
<th>2014 Le million</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-value liability – Merchant</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>E-Value liability – Dealer</td>
<td>12.215</td>
<td>10.231</td>
</tr>
<tr>
<td></td>
<td>12.215</td>
<td>10.231</td>
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</tbody>
</table>
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

9. RELATED PARTY TRANSACTIONS

<table>
<thead>
<tr>
<th>Related party</th>
<th>2015 Le million</th>
<th>2014 Le million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>43</td>
<td>43</td>
</tr>
</tbody>
</table>

10. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

There are no contingent liabilities as of 31 December 2015 (2014: nil).

Contingent assets

There are no contingent assets as of 31 December 2015 (2014: nil).

11. CAPITAL COMMITMENTS

There were no capital commitments at the end of the period (2014: nil).

12. OTHER FINANCIAL INFORMATION/AIRTEL (SL) LIMITED

The revenue cost of operation and taxation have been accounted for as part of the financial statements of Airtel (SL) Limited for the year ended 31st December 2015. Airtel (SL) Limited acts as the trustees of the funds held in trust and earn revenue for this service.

Airtel (SL) Limited is a limited liability company whose principal activity is the provision of cellular radio telecommunication services. Airtel Mobile Commerce BV, (formerly Celtel (SL) Holdings B.V), the majority shareholder, is a private limited liability company incorporated in accordance with the laws of the Netherlands having its registered office in Hoofddorp, with the address Siriusdreef 17-27-2132 LR Hoofddorp.

13. EVENTS AFTER THE REPORTING DATE

The owners of the company Airtel (SL) Limited determines the strategic direction of the Airtel Mobile Commerce (SL) Limited operations and its activities. There are very strong indications that the ownership of Airtel (SL) Limited is likely to change. However there is no indication at this point in time whether a review of strategy will affect the operation or existence of Airtel Mobile (SL) Limited.