

## CERTIFICATE OF ACCURACY

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

Signed,

For All Translation Services Pvt. Ltd.  
  
Authorised Signatory



***Pawan Bahuguna***

**AIRTEL MONEY RDC SARL**

Auditor's report on the annual financial  
statements  
of the financial year closed on 31<sup>st</sup> December  
2015

Date 29<sup>th</sup> April 2016

<p>EY Building a better working world</p>	<p>Ernst &amp; Young RDC SARL 2<sup>ème</sup> étage, Immeuble Modern Paradise 8225 Avenue Flambeau Gombe - Kinshasa Democratic Republic of Congo</p>	<p>Tel +(243) 999 30 68 68 www.ey.com/cd</p>
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To the shareholders of the company  
**AIRTEL MONEY RDC S.A.**  
 «AIRTEL MONEY»  
 01, Croisement des avenues Tchad and Bas Congo  
 Kinshasa/Gombe  
Democratic Republic of Congo

**AUDIT REPORT  
 ON THE FINANCIAL STATEMENTS OF  
 FOR THE FINANCIAL YEAR CLOSING ON 31<sup>ST</sup> DECEMBER 2015**

We have carried out audit of the financial statements attached, expressed in Congolese francs, of the company AIRTEL MONEY RDC S.A. on 31<sup>st</sup> December 2015 which includes the balance sheet, profit and loss account, the statement of changes in the capital, the cash flow statement closed on this date, as well as the notes containing a summary of main accounting methods and other explanatory information.

**I. OPINION ON THE FINANCIAL STATEMENTS**

**1. *Responsibility of the Board of Directors for the preparation of the financial statements***

The annual financial statements were prepared and approved by the Board of Directors in compliance with the principles generally accepted in Democratic Republic of Congo for the credit establishments and with the instruction from the Central Bank. The Board of Directors is also responsible for the internal audit as he considers necessary to the preparation of financial statements do not include any material misstatement, whether they come from fraud or result from mistakes.

**2. *Responsibility of the Auditor***

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

An audit implies implementation of procedures with a view to gather evidence concerning the amounts and the information given in the financial statements. The choices of procedures are at the discretion of the auditor, and especially his evaluation of risks that whether the financial statements contain any significant anomalies, resulting from fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and the presentation of the financial statements in order to define the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also consists of the appreciation of the appropriateness of the accounting methods retained and the reasonableness of the accounting estimations made by the management, as well as the appreciation of the overall presentation of the financial statements.

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

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### **3. Opinion**

In our opinion, the financial statements sincerely show, in all its significant aspects, the financial situation of the company AIRTEL MONEY RDC S.A. on 31<sup>st</sup> December 2015, as well as the financial performance and the treasury flow in compliance with the accounting principles generally accepted in Democratic Republic of Congo for the credit establishments, as per the recommendations and instructions from the Central Bank of Congo.

## **II. SPECIFIC INFORMATION AND AUDIT**

We have also made specific verifications required by the laws in force.

We have no comment to make concerning the sincerity and the agreement with the annual accounts of the information provided within the report on the management of the Board of Directors and within the documents addressed to shareholders, concerning the financial situation and the annual financial statements.

**ERNST & YOUNG RDC SARL**

**Statutory Auditors**

**Cyprien BONGULUMATA LOKELE**  
**Registered Auditor no. ONEC/EC/000043/16**

**Date 29<sup>th</sup> April 2015**

**AIRTEL MONEY RDC S.A.**

**BALANCE SHEET AS ON 31ST DECEMBER 2015 AND 2014**  
**(Expressed in thousands of Congolese Francs — CDF)**

<b>ASSETS</b>	<b>Notes</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
<b>Treasury and interbanking operations</b>			
Values of cash		589410	
Loans and Debts on the credit establishments	3	14670853	12249886
Financial placements	4	<u>2315000</u>	<u>2385113</u>
		<b><u>17575263</u></b>	<b><u>14634999</u></b>
<b>Adjustment and third party accounts</b>			
Deferred and current tax assets		19137	16928
Other assets	5	347393	415304
Prepayment and accrual income		-	33254
		<b><u>366531</u></b>	<b><u>465486</u></b>
<b>Fixed assets</b>			
Tangible assets		817447	33898
Intangible fixed assets		-	<u>14004</u>
		<b><u>817447</u></b>	<b><u>47902</u></b>
<b>TOTAL ASSETS</b>		<b><u>18759241</u></b>	<b><u>15148387</u></b>

The notes from 1 to 12 are an integral part of these financial statements.

AIRTEL MONEY RDC S.A.

**BALANCE SHEET AS ON 31ST DECEMBER 2015 AND 2014**  
(Expressed in thousands of Congolese Francs — CDF)

<b>LIABILITIES</b>	<b>Notes</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Treasury and interbanking operations</b>			
Amount owed to credit institutions		46410	90
		<b><u>46410</u></b>	<b><u>90</u></b>
<b>Operations with the clientele</b>			
<b>Current and Savings account of the clientele</b>	6	<b><u>14441951</u></b>	<b><u>10999849</u></b>
		<b><u>14441951</u></b>	<b><u>10999849</u></b>
<b>Adjustment and third party accounts</b>			
Deferred and current tax liabilities	7	50261	23922
Other liabilities		22846889	16025762
<b>Adjustment account - Liability</b>		4084290	2412853
		<b><u>26981439</u></b>	<b><u>18462537</u></b>
PERMANENT FUNDS			
<b>Equity</b>	8	<u>2275000</u>	<u>2275000</u>
<b>Capital</b>		<u>(16589089)</u>	<u>(4928422)</u>
<b>Balance brought forward</b>		<u>(8396471)</u>	<u>(11660667)</u>
<b>Income of the financial year</b>		<b><u>(22710560)</u></b>	<b><u>(14314089)</u></b>
<b>TOTAL LIABILITY</b>		<b><u>18759241</u></b>	<b><u>15148387</u></b>

The notes from 1 to 12 are an integral part of these financial statements.

**AIRTEL MONEY RDC S.A.**

**INCOME STATEMENTS FOR 31 DECEMBER 2015 and 2014**  
**(Expressed in thousands of Congolese Francs — CDF)**

<b>LIABILITY</b>	<b>Notes</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
<b>Income on short term and inter-banking</b>		90198	159843
Expenses on short term and inter-banking		-	-
Income on transactions with the customer		-	-
Expenses on transactions with the customer		-	-
Other financial income	9	4909289	2232324
Other bank charges	10	<u>(9789500)</u>	<u>(5189957)</u>
<b>Net banking income</b>		<b>(4790013)</b>	<b>(2797790)</b>
Ancillary income			
Subsidies			
General operating expenses	11	(3256164)	(8607855)
Personnel expenses		(23377)	(143149)
Taxes		-	<u>(10503)</u>
<b>Gross operating loss and profit</b>		<b>(8069554)</b>	<b>(11559297)</b>
Allocation to depreciations		(128818)	(172954)
Allocation to provision		(176539)	<u>-</u>
<b>Current earnings before tax and special charges</b>		<b>(8374910)</b>	<b>(11732251)</b>
Special income		31056	118636
Exceptional losses		(2356)	(23130)
Income before tax		<b>(8346210)</b>	<b>(11636745)</b>
Tax on income		<b>(50261)</b>	<b>(23922)</b>
<b>Net profit of the financial year</b>		<b>(8396471)</b>	<b>(11660667)</b>

The notes from 1 to 12 are an integral part of these financial statements.

**AIRTEL MONEY RDC S.A.**

**STATEMENT OF CHANGES IN EQUITY CAPITAL  
ON 31 DECEMBER 2015 and 2014  
(Expressed in thousands of Congolese Francs — CDF)**

	<u>Balance as on</u> <u>01.01.15</u>	<u>Increase</u>	<u>Decrease</u>	Balance as on 31/12/2015
Capital	2275000	-	-	2275000
Legal reserves	-	-	-	-
Non distributed income	(4928422)	(11660667)	-	(16589089)
Income of the financial year	(11660667)	(8396471)	11660667	(8396471)
Revaluation surplus	-	-	-	-
	<u>(14314089)</u>	<u>(20057138)</u>	<u>11660667</u>	<u>(22710560)</u>

The notes from 1 to 12 are an integral part of these financial statements.



**AIRTEL MONEY RDC SARL**

CASH FLOW TABLE

**BALANCE SHEET AS ON 31ST DECEMBER 2015 AND 2014**

(Expressed in thousands of Congolese Francs — CDF)

	<b><u>31/12/2015</u></b>	<b><u>31/12/2014</u></b>
<b><u>operating activities</u></b>		
Banking operating income collected	4999487	2392166
Banking operating expenses paid	(13045664)	(13808315)
Deposit/Withdrawal from deposits from other banking and financial establishments	46321	-
Loans and advances / loan and advance to the customers	-	-
Deposits/Wothdrawal from the customer deposit	3442102	(1469781)
Defensive stock	-	-
Sum paid to staff and miscellaneous creditors	(23377)	(143148)
Other cash flows coming from the operating activities	8470689	11886693
Income tax payable on profit	<u>(50261)</u>	<u>(23922)</u>
<b>Net cash flow from the operating activities</b>		
	<b><u>3839297</u></b>	<b><u>(1166307)</u></b>
<b><u>Investment activities</u></b>		
Acquisition/Transfer of fixed assets		
Acquisition/transfer of fixed assets	(894017)	(29082)
Difference on variation of charging depreciation	<u>(5016)</u>	<u>1210</u>
<b>Net cash flow from the investment activities</b>		
	<b><u>(899033)</u></b>	<b><u>(27872)</u></b>
<b><u>Financial activities</u></b>		
Repayment of loans		
<b>Net cash flow from finance activities</b>		
<b>Net variation of liquidities and equivalent</b>		
of liquidities during the financial year	<b>2940264</b>	<b>(1194179)</b>
Liquidity and equivalent of cash flow at the start of the financial year	14634999	15829088
<b>Liquidity and equivalent of liquidity at the end of the financial year</b>	<b>17575263</b>	<b>14634909</b>

The notes from 1 to 12 are an integral part of these financial statements.

## **AIRTEL MONEY RDC S.A.**

### **NOTES ON THE FINANCIAL STATEMENTS DATED 31<sup>ST</sup> DECEMBER 2015**

#### **1. OVERVIEW OF THE ESTABLISHMENT**

Airtel Money RDC SARL is a private limited company under Congolese law whose shares are majorly held by Zain Mobile Commerce B.V, company under Dutch right. The company is an awardee of an operating license granted by the Central Bank of Congo (BCC), making it an e-money establishment. The activities of e-money establishment are governed by the instruction no. 24 of the Central Bank relative to the issue of e-money and e-money establishments.

#### **2. BASE OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared as per the conventional method based on the historical costs, as modified by the re-evaluation of the fixed assets described in Note 2.4. These are presented in compliance with the rules of the Accounting Guide of credit establishments in Congo.

The main accounting methods retained for the preparation of these statements are described hereinafter:

##### **2.1. Going concern**

The company has carried a net loss for the financial year closed on 31st December 2015 CDF 8.37 billions (2014: CDF 11.66 billion), and on this date the liability exceeds the asset by 22.78 billion CHF (2014: CDF 14.31 billion), and the short term liability exceeds the short term asset by 23.52 billion CDF (2014: CDF 1436 billion).

The main activities during the last four years aim to construct the ecosystem and the distribution network as well as customer education. The management has implemented initiatives in order to support and stimulate the profitability of the company. These initiatives include the education of clients to increase and regularize the consumption of the products proposed in order to penetrate in the e-money market in Congo and improve the service offering to its existing as well as new customers.

The company has obtained a financial guarantee letter from the mother company, Bharti Airtel International (Netherlands) B.V., which undertakes to continue to provide and maintain financial support or assistance necessary in order to allow the Company to continue handling its commercial activities from the point of view of going concern and to allow the company to honour its debts and commitments as and when they become due.

The financial statements are prepared on the basis of the principle of business continuity. This assumption assumes that the company continues to benefit from the support of its parent company and the realization of the assets and payment of its liabilities is carried out during the normal course of its activities.

The financial statements are prepared, except the re-evaluation of fixed assets, as per the conventional method of the historical cost and in compliance with the accounting principles generally accepted in Democratic Republic of Congo for the banking sector, as per the recommendations and instructions from the Central Bank of Congo.

## **2.2. Conversion of operations in foreign currency**

The transactions in foreign currency are converted in Congolese Francs (CDF) at the exchange rates similar to those applicable by the banking system on the date of transaction. The profits and losses originating from the payment of these transactions are accounting in the income statement. On the date of closing of the balance sheet, the assets and liabilities in foreign currency are converted at the rate prevailing on closing.

In compliance with the prudence concept, the profit from exchange rates are not taken into account on the income statement. Regarding the losses for exchange rates, these are directly posted in the income statement after taking into account the net position after conversion.

The closing rate on 31st December 2015 is CDF 926 /1US\$. The rate on 31st December 2014 was CDF 925.3471 /1USD.

## **2.3. Intangible fixed assets**

The costs relative to the licenses acquired are capitalized and amortized on a linear base depending on its validity duration. The values of intangible assets as well as the cumulated amount of depreciations are re-evaluated by application of the Ordinance-Law no. 89-017 dated 18<sup>th</sup> February 1989 on the basis of a stipulations of a ministerial order updated at the end of each financial year.

The depreciation on the intangible assets are calculated by application of the linear method as per the rates below:

<u>Description</u>	<u>Number of years</u>
Software	3
Licences	3

## **2.4. Tangible assets**

As or the intangible assets, the values of tangible assets as well as the cumulated amount of depreciations are re-evaluated by application of the Ordinance-Law no. 89-017 dated 18<sup>th</sup> February 1989 on the basis of a stipulations of a ministerial order updated at the end of each financial year.

The depreciation on the tangible assets are calculated by application of the linear method as per the rates below:

<u>Description</u>	<u>Number of years</u>
Computer hardware:	3

### 2.5. Recognition of income

The revenues are recorded insofar as it is possible that these correspond to a transfer of value in favour of the company and these can be determined on a reliable basis. The revenues are generated by means of the following transactions:

- Withdrawal fee (exchange of virtual current to physical currency);
- Charges for transfer of an e-wallet to another;
- Charges for transfer from an e-wallet to bank;
- Charges for transfer from bank to an e-wallet;
- Miscellaneous payments.

However, incidentally, the company generates the revenue by means of commissions on the sales of electronic units (airtime).

### 3. **LOANS AND DEBTS ON CREDIT ESTABLISHMENTS**

	2015	2014
This description is broken down as follows:		
Escrow accounts	14495504	11763701
Current accounts	<u>175350</u>	<u>486185</u>
	<u>14670853</u>	<u>12249886</u>

The escrow accounts represent the consideration of the virtual money in circulation, in compliance with the instructions of the Central Bank of Congo.

#### 4. FINANCIAL PLACEMENTS

This section consists of term deposits in the ECOBANK books of an amount of 2500000 USD. This deposit is constituted to ensure the equity of the company and comply with the requirements of Central bank of Congo, and generate the annual interests of 7% per year.

#### 5. OTHER ASSETS

The other assets are detailed as follows:

	<u>2014</u>	<u>2013</u>
AIRTEL GSM	325735	425443
Banks	255878	427663
Original margins	27780	27900
Others	75858	48023
Provisions for doubtful debts	<u>(337858)</u>	<u>(513726)</u>
	347393	415304

#### 6. CURRENT ACCOUNTS AND DEPOSITS OF THE CUSTOMER

	<u>2015</u>	<u>2014</u>
Virtual money in circulation	5021034	5279452
Virtual money Dealers	4733316	2425696
Virtual money Merchants	1331748	841971
Virtual money Civil servants	-	469813
Corporates virtual money	2628323	-
Virtual money Others	<u>727530</u>	<u>1982917</u>
	<u>14441951</u>	<u>10999849</u>

## 7. OTHER LIABILITIES

	<b>2015</b>	<b>2014</b>
Airtel GSM	22579765	15795595
Partner ZAP BV	47257	30074
Miscellaneous sums due to staff	60492	43097
Remunerations due	73086	52653
Net VAT due	-	51025
VAT supported	81278	52354
Others	5012	<u>964</u>
	<u>22846889</u>	<u>16025762</u>

## 8. CAPITAL

Names of main partners	Address	Securities Previous year	Securities Current year	Share of detained capital %
Zain Mobile Commerce BV (represented by Mrs. Jantina Catharina Uneken- van de Vreede	Golfslag 2, 2131 HN Hiifddorp, Netherlands	999	999	99.90%
Mr. Christopher Gabriel	Bahrain, Building 401, Road 2806, Block 428, Al Seef District, Manama	1	0	0.00%
Mrs Jantina Catharina Uneken-van de Vreede	Herengracht 574, 1017 CJ Amsterdam, Netherlands	0	1	0.10%
<b>Total</b>		<b>1000</b>	<b>1000</b>	<b>100.00%</b>

In compliance with the instruction no. 24 of the Central Bank relative to an issue of the e-money and to the e-money establishments, the e-money establishments must have a minimum capital stock of 2.5 million USD.

In compliance with the same instruction, the equity of the e-money establishments must be equal to or more than the highest of the following three months:

- The daily amount of financial commitments corresponding to the representative debts of the e-money of their emission.

- The arithmetic mean of daily amounts of the last six months which precede the total of financial commitments corresponding with debts representative of the e-money;
- The minimum amount of full paid-up shares.

In order to ensure the equity, the company has carried out a term investment (see Note 4).

## 9. OTHER BANKING INCOMES

	<u>2015</u>	<u>2014</u>
Commissions and charges on cash out	4309892	1726762
Commissions on Easy-Recharge	317603	320983
Commissions an charges on payment methods	25245	89971
Commissions an charges on P2P	214274	58006
Others	<u>42275</u>	<u>36602</u>
	<u>4909289</u>	<u>2232324</u>

## 10. OTHER BANKING EXPENSES

	<u>2015</u>	<u>2014</u>
Commissions paid on Cash In	3279457	3379743
Commissions paid on Cash out	3319955	1766655
Commissions paid on the acquisitions	3118093	639
Miscellaneous other banking expenses and charges	71994	42920
	<u>9789500</u>	<u>5189957</u>

## 11. GENERAL OPERATING EXPENSES

		<u>2015</u>	<u>2014</u>
Other operating expenses	(a)	500666	6149416
Remuneration of temporary staff		833697	1303584
Miscellaneous marketing actions		54173	309532
Costs related to POS		-	298474
Mission expenses		465	115686
Computer charges	(b)	1392678	47523
Various operational expenses		474485	283640
		<u>3256164</u>	<u>8607855</u>

(a) The previous year, the other operating expenses including the writing off of debts for which the debtors are not identified for an amount of USD 5.100.000 (CDF 4.85 billion) and cancellation of amounts due to system errors for USD 1,300,000 (CDF 1,30 billion).

**(b) The expenses for computers have increased substantially, as being proportional with the number of electronic money transactions on the Platform.**

## **12. EVENTS POST CLOSING**

The Company has evaluated the events after 31st December 2015 and until 29th April 2016, date when the financial statements were in the measure of being settled, and to determine that all the events or operations occurred during this period which would require to be accounted or mentioned in the annexed notes are conveniently processed in the present financial statements.