DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

INDEX

<table>
<thead>
<tr>
<th>AUDITORS REPORT</th>
<th>1-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATEMENT OF INCOME</td>
<td>3</td>
</tr>
<tr>
<td>STATEMENT OF CHANGES IN EQUITY</td>
<td>4</td>
</tr>
<tr>
<td>STATEMENT OF FINANCIAL POSITION</td>
<td>5</td>
</tr>
<tr>
<td>CASH FLOW STATEMENT</td>
<td>6</td>
</tr>
<tr>
<td>FIVE YEAR FINANCIAL SUMMARY</td>
<td>7</td>
</tr>
<tr>
<td>NOTES TO THE ACCOUNTS</td>
<td>8-16</td>
</tr>
</tbody>
</table>
AIRTEL (SEYCHELLES) LIMITED
(Formerly Telecom (Seychelles) Limited)

DIRECTORS’ REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

The directors present herewith their report and audited financial statement of the company for the year ended 31st December 2014.

Activities

The company carries on the business of providing telecommunication services and has been granted a license to operate mobile money services in Seychelles.

Airtel Seychelles became the first operator in Seychelles to launch 4G LTE in 2014 and the first of Airtel Operations in Africa to achieve this milestone.

Revenue (Note3) increased by 5.3% during this financial year from SR 248M to SR 261M. Main growth is coming from non-voice revenue by 19% and voice revenue by 6%.

Direct costs (Note5) increased by SR 6.8M due to increase in PRA discounts on roaming.

The loss for the year of SR 25M would have been a Profit of SR 33M if normalized for foreign exchange losses and interest on shareholders loan of SR 55M.

On 1 Jan 2014, the company rolled out Oracle, a new Enterprise Resource Program which replaced Tally Accounting system.

Consolidated accounts

Airtel Seychelles Limited is a joint shareholder in the Seychelles Cable Systems Limited in a Joint Equipment Scheme. The impact of Seychelles Cable Systems results have been incorporated in the Other Comprehensive Income in note 15 of this financial statement.

Results

As described in Statement of Income – by nature of expenses on page 4, activities for the year gives operating result (before finance costs and taxation) of SR 33M (2013: SR 64M). The decrease is as a result of increase in operating expenses by 43% as explained below

Admin expenses (Note7) increased by SR10M due to SR1.5M spent on repairs of head office building including new power control room, reclass of SR 1.2M electricity charges relating to offices, new networks cost, SR 0.6M due to upwards revision of Head office rent, SR 4.5M related to roaming charges classified as legal and professional services and SR1.6M spent on EY consultancy on business continuity and showroom refurbishments.

Depreciation and amortization (Note12) increased by SR 7.9M due to change in accounting systems. Prior year computations were manual compared to day-wise depreciation computations performed by Oracle ERP. There was also increase in capitalization towards the end of 2013, which has full year depreciation impact in 2014.

Sales and Marketing costs increased by SR 7.3M due to pushback of group marketing cost of SR 6.5M during the year relating to brand promotion-celebrity endorsements.

Other expenses (Note 4) increased by SR 12M due to depreciation of the Seychelles rupee. Similarly Finance Cost (Note11) increased by SR 2M due to SR 0.5M interest on shareholder loan which commenced in 2014 and SR 1.5M exchange loss on cash and cash equivalents and liabilities including shareholder loan.

Bad debts also increased by SR 2.4M due to low collection in roaming and interconnect which has been realized post balance sheet date.

During the year the company has contributed SR 75M Net (2013: SR 48M) to the exchequer on account of VAT, License fees, Business Tax, Income Tax and Withholding Tax.

Fixed Assets

Significant investment was made in 2014 to the sum of SR 94M. Investment for the period related to Fibers across Mahe, purchase of additional STM1 and the roll out of 4G as Seychelles first. Further investment to the sum of SR 70M is planned for 2015 and the major projects will be ringing Seychelles with 4G and Fiber.

The carrying amounts of property, plant and equipment were reviewed to determine whether they are in excess of their market or recoverable amount at balance sheet date. If the carrying amount exceeded the recoverable amounts, the assets were written down to the lower amount. No assets have been written down during the year 2014 (2013: SR Nil). 

Employees

As at 31st December 2014 the company employed 75 staff (31st December 2013: 70). The board gratefully acknowledges the wholehearted and sincere efforts made by its employees in making it possible for the company to achieve continuous revenue growth in a saturated market like Seychelles.

[Signature]
AIRTEL (SEYCHELLES) LIMITED
(Formerly Telecom (Seychelles) Limited)

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

As a matter of policy, the company has in the past, and will continue in the future to put special emphasis on training and development of human resources. The company follows a policy of participative management. And suggestions given by employees have been implemented to constantly improve the efficiency of operations. The company also introduced Short Term Assignments for a number of its employees to gain knowledge in other Airtel markets. Approximately 4 employees benefited from this initiative and another 4 are in the pipeline.

Statutory disclosures under section 153 of the Companies Ordinance 1972

Principal Activities

Principal activity of the company continues to be to provide telecommunication services in the Republic of Seychelles.

Directors and their interest in the company

The directors of the company during the year and their interest in accordance with register maintained under section 111 of the Companies Act 1972 were as follows:-

<table>
<thead>
<tr>
<th>Shares held</th>
<th>1 January</th>
<th>31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akinfeu Ako</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christian De Faria (Resigned 11th November 2014)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somasekhar Vellapakkam (Appointed 15th November 2014)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amadou Mahama Dina (Appointed 15th November 2014)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The directors are of the opinion that all transactions with related parties, further described in note 21 of the financial statements were conducted at arm's length.

The Board recorded its appreciation of the contribution made by Christian De Faria during his tenure as director of the Company.

All non-executive directors will resign and offer themselves for re-election in the next AGM scheduled for May 2015.

Statement of directors' responsibilities

The directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-

- Prepare financial statements on the going concern basis unless inappropriate to assume continuity of business;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Disclose and explain any material departures from applicable accounting standards.

The Companies Act 1972 also requires the directors to keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

The directors consider they met their responsibilities as set out in the Companies Act 1972.

The financial statements are signed by current directors of the company.

Auditors

M/S Poel and Patel, Chartered Accountants, retire and being eligible offers themselves for appointment.

Acknowledgements

The Directors wish to place on record their sincere appreciation of the valuable contribution, untiring efforts and spirit of dedication shown by all the employees of the company. The Directors would also like to place on record assistance provided by our bankers, the regulators and the Government of Seychelles.

Amadou Mahama Dina

Date: 28 April 2015

Somasekhar Vellapakkam
INDEPENDENT AUDITOR’S REPORT

AIRTÉL (SEYCHELLES) LIMITED

We have reviewed the accompanying financial statements of Airtel (Seychelles) Limited on pages 4 to 16, which comprise the balance sheet as at December 31, 2014, the income statement including changes in equity and cash flow statement for the year then ended, a five year financial summary and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

This report is made solely for the purposes of reporting to the parent company for consolidation purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company’s Members as a body for our audit work, for this report or for the opinion we have formed.

Management’s Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company’s affairs in accordance with the financial reporting provisions of the Seychelles Companies Act 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement.

We have no relationship with, or material interest in the company other than in our capacity as auditors and tax and business advisors and arm’s length dealings with the company in the ordinary course of business.

An audit involves performing procedures to obtain statistical and other evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on our 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, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design 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 management, 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 accompanying financial statements set out on pages 4 to 16 give a true and fair view of the financial position of Airtel (Seychelles) Limited as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

POOL & PATEL
CHARTERED ACCOUNTANTS
28 April 2015

-3-
AIRTEL (SEYCHELLES) LIMITED

Statement of income - by nature of expenses
Financial statements are prepared in Seychelles Rupees

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Revenue</td>
<td>260,547,080</td>
<td>247,511,720</td>
</tr>
<tr>
<td>5</td>
<td>Direct costs</td>
<td>(57,065,927)</td>
<td>(50,220,335)</td>
</tr>
<tr>
<td>6</td>
<td>Network expenses</td>
<td>(32,049,293)</td>
<td>(36,323,567)</td>
</tr>
<tr>
<td></td>
<td><strong>Gross Profit</strong></td>
<td><strong>171,431,860</strong></td>
<td><strong>160,967,818</strong></td>
</tr>
<tr>
<td>7</td>
<td>Administrative expenses</td>
<td>(20,376,603)</td>
<td>(10,035,028)</td>
</tr>
<tr>
<td>8</td>
<td>Bad and doubtful debts</td>
<td>(10,665,459)</td>
<td>(8,252,991)</td>
</tr>
<tr>
<td>12</td>
<td>Depreciation and amortisation</td>
<td>(40,806,405)</td>
<td>(32,908,863)</td>
</tr>
<tr>
<td>6</td>
<td>Management fees and royalties</td>
<td>(6,999,928)</td>
<td>(7,409,837)</td>
</tr>
<tr>
<td>6</td>
<td>Employee salaries and benefits</td>
<td>(28,096,185)</td>
<td>(26,084,162)</td>
</tr>
<tr>
<td>6</td>
<td>Sales and marketing</td>
<td>(26,662,884)</td>
<td>(19,347,835)</td>
</tr>
<tr>
<td>4</td>
<td>Other income/(expenses)</td>
<td>(4,922,918)</td>
<td>7,164,865</td>
</tr>
<tr>
<td></td>
<td><strong>Operating profit</strong></td>
<td><strong>32,914,479</strong></td>
<td><strong>64,093,337</strong></td>
</tr>
<tr>
<td>10</td>
<td>Finance income</td>
<td>7,057,894</td>
<td>1,738,669</td>
</tr>
<tr>
<td>11</td>
<td>Finance costs</td>
<td>(51,627,229)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Finance costs - net</strong></td>
<td><strong>(44,569,335)</strong></td>
<td><strong>1,738,669</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Loss before income tax</strong></td>
<td>(11,634,856)</td>
<td>65,832,006</td>
</tr>
<tr>
<td>13</td>
<td>Income tax expense</td>
<td>(13,827,583)</td>
<td>(6,047,627)</td>
</tr>
<tr>
<td></td>
<td><strong>Loss for the year</strong></td>
<td><strong>(25,462,439)</strong></td>
<td><strong>59,784,479</strong></td>
</tr>
</tbody>
</table>

Other comprehensive income, net of income tax

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Share of operating losses in associate</td>
<td>1,511,562</td>
<td>(10,829,109)</td>
</tr>
<tr>
<td>23</td>
<td>Provision for withholding tax dispute</td>
<td>0</td>
<td>(6,120,769)</td>
</tr>
<tr>
<td></td>
<td>Overstatement of revenue in prior periods</td>
<td>0</td>
<td>(16,171,100)</td>
</tr>
<tr>
<td></td>
<td>Understatement of direct costs in prior periods</td>
<td>0</td>
<td>(15,331,975)</td>
</tr>
<tr>
<td></td>
<td><strong>Total other comprehensive income/(expense) for the year</strong></td>
<td><strong>1,511,562</strong></td>
<td><strong>(48,452,973)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total comprehensive income for the year</strong></td>
<td><strong>(23,950,877)</strong></td>
<td><strong>11,331,506</strong></td>
</tr>
</tbody>
</table>

The notes on pages 9 to 16 are an integral part of these financial statements.
AIRTEL (SEYCHELLES) LIMITED

Statement of Changes in equity
Financial statements are prepared in Seychelles Rupees.

<table>
<thead>
<tr>
<th></th>
<th>Share capital (Note 14)</th>
<th>Retained Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2013</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit for the year</td>
<td>0</td>
<td>55,784,479</td>
<td>59,784,479</td>
</tr>
<tr>
<td>Other comprehensive income/(expense)</td>
<td>(48,452,973)</td>
<td></td>
<td>(48,452,973)</td>
</tr>
<tr>
<td><strong>At 31 December 2013</strong></td>
<td>1,000,000</td>
<td>61,979,201</td>
<td>27,443,400</td>
</tr>
<tr>
<td>Operating profit for the year</td>
<td>0</td>
<td>(25,462,439)</td>
<td>(25,462,439)</td>
</tr>
<tr>
<td>Other comprehensive income/(Expense)</td>
<td>1,511,562</td>
<td></td>
<td>1,511,562</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>At 31 December 2014</strong></td>
<td>1,000,000</td>
<td>38,028,323</td>
<td>3,492,523</td>
</tr>
</tbody>
</table>

The notes on pages 9 to 16 are an integral part of these financial statements.
AIRTEL (SEYCHELLES) LIMITED

Statement of financial position
Financial statements are prepared in Seychelles Rupees

<table>
<thead>
<tr>
<th>Assets</th>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>12</td>
<td>200,429,341</td>
<td>182,306,715</td>
</tr>
<tr>
<td>Investment in associate</td>
<td>15</td>
<td>40,543,499</td>
<td>39,031,937</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>13</td>
<td>27,164,260</td>
<td>21,477,246</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td>268,157,100</td>
<td>222,815,898</td>
</tr>
<tr>
<td>Inventories</td>
<td>16</td>
<td>1,664,112</td>
<td>20,030,003</td>
</tr>
<tr>
<td>Current tax asset</td>
<td>13</td>
<td>53,504,092</td>
<td>37,390,146</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>17</td>
<td>137,706,149</td>
<td>148,960,867</td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td></td>
<td>66,355,528</td>
<td>19,685,760</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td>289,229,881</td>
<td>226,276,786</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>527,386,981</td>
<td>449,092,664</td>
</tr>
</tbody>
</table>

Liabilities

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefit obligations</td>
<td>18</td>
<td>4,102,314</td>
<td>4,172,829</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>13</td>
<td>24,588,407</td>
<td>16,522,534</td>
</tr>
<tr>
<td>Borrowings</td>
<td>19</td>
<td>34,969,402</td>
<td>34,969,402</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td></td>
<td>99,473</td>
<td>0</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td>63,789,896</td>
<td>56,064,765</td>
</tr>
<tr>
<td>Borrowings</td>
<td>19</td>
<td>156,586,434</td>
<td>66,451,259</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>20</td>
<td>268,012,628</td>
<td>263,597,439</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td>424,599,062</td>
<td>330,048,698</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>486,358,658</td>
<td>386,113,463</td>
</tr>
<tr>
<td>Share capital</td>
<td>14</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>35,029,323</td>
<td>61,979,201</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td>36,029,323</td>
<td>62,979,201</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td></td>
<td>527,386,981</td>
<td>449,092,664</td>
</tr>
</tbody>
</table>

The notes on pages 9 to 16 are an integral part of these financial statements.

Directors:

Amadou Maffarit Dina

26 April 2015

Somasekhar Vellapaikkam
## Cash flow statement

Financial statements are prepared in Seychelles Rupees.

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Profit/(loss) for the year</td>
<td>(11,634,856)</td>
<td>65,832,006</td>
</tr>
<tr>
<td></td>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taxation</td>
<td>(27,982,670)</td>
<td>(40,981,409)</td>
</tr>
<tr>
<td></td>
<td>Depreciation</td>
<td>40,806,405</td>
<td>32,908,883</td>
</tr>
<tr>
<td></td>
<td>Changes in provision for employee benefits</td>
<td>(70,515)</td>
<td>628,880</td>
</tr>
<tr>
<td></td>
<td>Finance costs - net</td>
<td>44,549,335</td>
<td>(1,738,669)</td>
</tr>
<tr>
<td></td>
<td>Changes in working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decrease in inventories</td>
<td>3,289,368</td>
<td>600,661</td>
</tr>
<tr>
<td></td>
<td>Decrease in debtors</td>
<td>11,254,708</td>
<td>(100,773,157)</td>
</tr>
<tr>
<td></td>
<td>Increase in creditors</td>
<td>17,048,027</td>
<td>64,331,246</td>
</tr>
<tr>
<td></td>
<td>Cash generated from operations</td>
<td>77,269,802</td>
<td>20,814,441</td>
</tr>
<tr>
<td></td>
<td>Interest received/(paid)</td>
<td>(5,525,577)</td>
<td>177,096</td>
</tr>
<tr>
<td></td>
<td>Net cash from operating activities</td>
<td>71,744,225</td>
<td>20,991,497</td>
</tr>
<tr>
<td></td>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payments to acquire tangible fixed assets</td>
<td>(79,868,344)</td>
<td>(81,733,800)</td>
</tr>
<tr>
<td></td>
<td>Proceeds from sale of assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Net cash used in investing activities</td>
<td>(79,868,344)</td>
<td>(61,733,800)</td>
</tr>
<tr>
<td></td>
<td>Cash flow from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intergroup credit/(debit)</td>
<td>90,135,176</td>
<td>37,488,482</td>
</tr>
<tr>
<td></td>
<td>Net cash from financing activities</td>
<td>90,135,176</td>
<td>37,488,482</td>
</tr>
<tr>
<td></td>
<td>Decrease in cash and cash equivalents</td>
<td>82,011,057</td>
<td>(3,253,821)</td>
</tr>
<tr>
<td></td>
<td>Cash &amp; cash equivalent at 1 January</td>
<td>19,886,760</td>
<td>21,578,988</td>
</tr>
<tr>
<td></td>
<td>Exchange adjustments on cash &amp; cash equivalent</td>
<td>10/11 (35,542,268)</td>
<td>1,561,513</td>
</tr>
<tr>
<td></td>
<td>Cash &amp; cash equivalents 31 December</td>
<td>66,355,528</td>
<td>19,886,760</td>
</tr>
</tbody>
</table>
AIRTEL (SEYCHELLES) LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 DECEMBER 2014
Financial statements are prepared in Seychelles Rupees

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of financial position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorised</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Issued and fully paid</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>38,028</td>
<td>61,970</td>
<td>50,648</td>
<td>15,112</td>
<td>(19,970)</td>
</tr>
<tr>
<td>Group loan</td>
<td>191,556</td>
<td>191,420</td>
<td>53,932</td>
<td>51,426</td>
<td>59,433</td>
</tr>
<tr>
<td>Net assets employed</td>
<td>230,584</td>
<td>164,399</td>
<td>115,580</td>
<td>67,538</td>
<td>40,463</td>
</tr>
<tr>
<td><strong>Income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>260,547</td>
<td>247,512</td>
<td>211,132</td>
<td>212,732</td>
<td>186,078</td>
</tr>
<tr>
<td>Profit (loss) for the year</td>
<td>(11,635)</td>
<td>65,632</td>
<td>40,079</td>
<td>56,309</td>
<td>56,619</td>
</tr>
<tr>
<td>Taxation</td>
<td>(13,828)</td>
<td>(6,048)</td>
<td>(4,543)</td>
<td>(21,227)</td>
<td>(19,770)</td>
</tr>
<tr>
<td></td>
<td>(25,462)</td>
<td>59,764</td>
<td>35,536</td>
<td>35,082</td>
<td>36,849</td>
</tr>
<tr>
<td>Other comprehensive income/(expense) - net of taxation</td>
<td>1,512</td>
<td>(48,453)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(23,951)</td>
<td>11,331</td>
<td>35,536</td>
<td>35,082</td>
<td>36,849</td>
</tr>
<tr>
<td>Dividends</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(23,951)</td>
<td>11,331</td>
<td>35,536</td>
<td>35,082</td>
<td>36,849</td>
</tr>
<tr>
<td>Retained earnings - 1 January</td>
<td>61,979</td>
<td>50,648</td>
<td>15,112</td>
<td>(19,970)</td>
<td>(56,619)</td>
</tr>
<tr>
<td>Retained earnings - 31 December</td>
<td>38,028</td>
<td>61,979</td>
<td>50,648</td>
<td>15,112</td>
<td>(19,970)</td>
</tr>
</tbody>
</table>
AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
Financial statements are prepared in Seychelles Rupees

1 Reporting entity

Airtel (Seychelles) Limited is a limited liability company incorporated and domiciled in the Seychelles. The address of the company’s registered office is Maison La Rosière, Mahe, Seychelles.

The company provides telecommunication services in Seychelles.

2 Summary of significant accounting policies

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

2.1 Basis of presentation

The statements of Airtel (Seychelles) Limited are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME’s). They have been prepared under the historical-cost convention.

The preparation of financial statements in conformity with IFRS for SME’s requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in the notes.

2.2 Functional and reporting currency

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.3 Impairment of financial assets

The carrying amounts of the financial assets is reviewed by the directors periodically to determine whether it is in excess of its market or recoverable amount in the statement of financial position. If there is any evidence of other than a temporary impairment in the carrying amount of an asset, it is written down to its fair value or recoverable amount and the loss recognised in the statement of income.

2.4 Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

2.5 Foreign currency translation

Foreign currency transactions are translated in the Seychelles Rupee at the rate of exchange prevailing at the dates of the transactions. 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 the statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within "finance income or costs". All other exchange gains and losses are presented in the income statement within "other income/(expenses)".

The Banks mid-rate for the period were:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Exchange rates at 31 December</th>
<th>Changes in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>US S/Sr</td>
<td>14.01</td>
<td>12.69</td>
</tr>
<tr>
<td>Euro/Sr</td>
<td>17.08</td>
<td>17.17</td>
</tr>
<tr>
<td>UK Pound/Sr</td>
<td>21.66</td>
<td>20.84</td>
</tr>
</tbody>
</table>

- 9 -
AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Financial statements are prepared in Seychelles Rupees

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indicated by the management. The cost of property, plant and equipment constructed by the company includes the cost of materials and direct labour.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when cost is incurred if the replacement part is expected to provide future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the statement of income during the period in which they are incurred.

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>20 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3-10 years</td>
</tr>
<tr>
<td>Operating equipment</td>
<td>20 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5 years</td>
</tr>
<tr>
<td>Bandwidth capacity</td>
<td>10 years</td>
</tr>
<tr>
<td>Fibre (OFC)</td>
<td>16 years</td>
</tr>
</tbody>
</table>

The assets residual values and depreciation methods are reviewed, and adjusted prospectively, if there is an indication or a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income or expenses" in the statement of income.

2.7 Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

At each reporting date, inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; the impairment loss is recognised immediately in the statement of income.

2.8 Taxation

The tax expense for the period comprises of current, corporate social responsibility and tourism marketing taxes and deferred tax. Tax is recognised in the statement of income, except that a charge attributable to an item of income or expense as recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses or tax credits.

The current income tax charge and deferred tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.10 Trade receivables

Trade receivables are initially recognised at the transaction price. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of the receivables.
AERTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
Financial statements are prepared in Seychelles Rupees

2.11 Revenue recognition

In relation to the rendering of services, revenue is recognised by reference to the state of completion of the transaction at the date of the statement of financial position, and is stated net of taxes in the statement of income.

Deferred revenue represents unutilised prepaid sales. The company writes back to revenue credits which are unutilised by deactivated customers through forfeiture.

2.12 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is done within one year or less. If not, they are presented as non-current liabilities.

<table>
<thead>
<tr>
<th>3</th>
<th>Revenue</th>
<th>Analysis of revenue by category</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cellular</td>
<td>215,967,176</td>
<td>203,134,068</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fixedline</td>
<td>5,002,053</td>
<td>7,977,414</td>
<td></td>
</tr>
<tr>
<td></td>
<td>International incoming</td>
<td>32,919,404</td>
<td>26,542,299</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sale of handsets</td>
<td>5,502,910</td>
<td>9,114,654</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other services including sales of other equipment</td>
<td>1,555,537</td>
<td>743,345</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>260,547,080</td>
<td>247,511,720</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>Other income/(expenses)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Miscellaneous</td>
<td>0</td>
<td>93,340</td>
</tr>
<tr>
<td></td>
<td>Exchange gains/(losses)</td>
<td>(4,922,918)</td>
<td>7,071,515</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>(4,922,918)</td>
<td>7,164,865</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5</th>
<th>Direct costs</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost of goods sold</td>
<td>5,645,372</td>
<td>6,682,227</td>
</tr>
<tr>
<td></td>
<td>License fees</td>
<td>21,754,560</td>
<td>22,337,572</td>
</tr>
<tr>
<td></td>
<td>Interconnect expenses</td>
<td>29,665,055</td>
<td>21,200,536</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>57,665,927</td>
<td>50,220,335</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6</th>
<th>Network expenses</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bandwidth charges</td>
<td>6,550,598</td>
<td>10,612,010</td>
</tr>
<tr>
<td></td>
<td>Annual maintenance Charges</td>
<td>4,409,105</td>
<td>10,595,731</td>
</tr>
<tr>
<td></td>
<td>Electricity</td>
<td>9,073,902</td>
<td>8,569,923</td>
</tr>
<tr>
<td></td>
<td>Maintenance costs</td>
<td>(914,792)</td>
<td>1,840,286</td>
</tr>
<tr>
<td></td>
<td>Other network expenses</td>
<td>10,530,481</td>
<td>4,484,617</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>32,049,293</td>
<td>36,323,567</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7</th>
<th>Administrative expenses</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Security</td>
<td>316,010</td>
<td>294,526</td>
</tr>
<tr>
<td></td>
<td>Repairs and maintenance</td>
<td>2,301,563</td>
<td>718,400</td>
</tr>
<tr>
<td></td>
<td>Travelling and transport</td>
<td>1,562,346</td>
<td>12,075</td>
</tr>
<tr>
<td></td>
<td>Utility</td>
<td>3,452,224</td>
<td>1,609,143</td>
</tr>
<tr>
<td></td>
<td>Rental of offices and showrooms</td>
<td>4,020,006</td>
<td>3,483,903</td>
</tr>
<tr>
<td></td>
<td>Legal and professional fees</td>
<td>5,607,246</td>
<td>375,299</td>
</tr>
<tr>
<td></td>
<td>Office operational costs</td>
<td>3,087,206</td>
<td>3,542,282</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20,376,603</td>
<td>10,035,628</td>
</tr>
</tbody>
</table>
AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
Financial statements are prepared in Seychelles Rupees

8 Employee salaries and benefits expense

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>25,125,976</td>
<td>18,534,798</td>
</tr>
<tr>
<td>Employee compensation (note 16)</td>
<td>(70,515)</td>
<td>848,875</td>
</tr>
<tr>
<td>Performance linked bonuses</td>
<td>748,885</td>
<td>1,732,555</td>
</tr>
<tr>
<td>Staff transport and staff welfare</td>
<td>2,291,839</td>
<td>3,203,088</td>
</tr>
<tr>
<td>Employee benefits and other costs</td>
<td>0</td>
<td>1,265,040</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28,695,185</td>
<td>25,084,162</td>
</tr>
</tbody>
</table>

9 Profit for the year

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year has been arrived at after charging/(crediting):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors remuneration</td>
<td>289,000</td>
<td>286,086</td>
</tr>
<tr>
<td>Depreciation</td>
<td>40,805,405</td>
<td>32,068,883</td>
</tr>
<tr>
<td>Rental</td>
<td>7,203,066</td>
<td>6,400,074</td>
</tr>
<tr>
<td>Management fees and brand royalty</td>
<td>6,985,928</td>
<td>7,409,837</td>
</tr>
</tbody>
</table>

10 Finance income

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on deposits</td>
<td>0</td>
<td>177,056</td>
</tr>
<tr>
<td>Exchange gain on cash and cash equivalents</td>
<td>7,057,894</td>
<td>1,561,913</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,057,894</td>
<td>1,738,669</td>
</tr>
</tbody>
</table>

11 Finance costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loan</td>
<td>5,525,577</td>
<td>0</td>
</tr>
<tr>
<td>Exchange loss on cash and cash equivalents</td>
<td>46,061,652</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>51,587,229</td>
<td>0</td>
</tr>
</tbody>
</table>

12 Property, plant and equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>Leasehold improvements</th>
<th>Office &amp; operating equipment</th>
<th>Vehicles</th>
<th>Capital Work In Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2014</td>
<td>2,705,029</td>
<td>281,938,049</td>
<td>3,845,565</td>
<td>0</td>
<td>288,488,634</td>
</tr>
<tr>
<td>Additions</td>
<td>0</td>
<td>3,614,770</td>
<td>0</td>
<td>91,329,087</td>
<td>94,943,867</td>
</tr>
<tr>
<td>Disposal</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Overstatement of prior year additions</td>
<td>0</td>
<td>(16,014,836)</td>
<td>0</td>
<td>0</td>
<td>(16,014,836)</td>
</tr>
<tr>
<td><strong>At 31 December 2014</strong></td>
<td>2,705,029</td>
<td>269,923,274</td>
<td>3,845,565</td>
<td>91,329,087</td>
<td>367,417,665</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2013</td>
<td>1,713,750</td>
<td>120,928,779</td>
<td>3,535,390</td>
<td>0</td>
<td>128,101,919</td>
</tr>
<tr>
<td>Annual depreciation</td>
<td>45,373</td>
<td>44,000,849</td>
<td>235,053</td>
<td>0</td>
<td>44,257,875</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Writeback of depreciation</td>
<td>0</td>
<td>(2,481,470)</td>
<td>0</td>
<td>0</td>
<td>(2,481,470)</td>
</tr>
<tr>
<td><strong>At 31 December 2014</strong></td>
<td>1,759,123</td>
<td>161,454,158</td>
<td>3,775,043</td>
<td>0</td>
<td>166,988,324</td>
</tr>
</tbody>
</table>

Carrying amount

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2014</td>
<td>991,279</td>
<td>161,009,261</td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>945,996</td>
<td>108,083,816</td>
</tr>
</tbody>
</table>

Carrying amount

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2014</td>
<td>991,279</td>
<td>161,009,261</td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>945,996</td>
<td>108,083,816</td>
</tr>
</tbody>
</table>
AIREL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
Financial statements are prepared in Seychelles Rupees

13 Taxation

13.1 Refunds withheld by Revenue Commission

<table>
<thead>
<tr>
<th>Statement of financial position</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withholding tax withheld in respect of disputed</td>
<td>(6,143,014)</td>
<td>(6,143,014)</td>
</tr>
<tr>
<td>Withholding tax paid in account</td>
<td>(2,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>Withholding tax assessments (Note 23)</td>
<td>(8,143,014)</td>
<td>(8,143,014)</td>
</tr>
</tbody>
</table>

13.2 Current tax

<table>
<thead>
<tr>
<th>Statement of Income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance due from prior year</td>
<td>(29,247,132)</td>
<td>1,314,435</td>
</tr>
<tr>
<td>Adjustment to prior year provision</td>
<td>3,363,259</td>
<td>(11,016)</td>
</tr>
<tr>
<td>Paid for prior year</td>
<td>(1,505,035)</td>
<td>(13,337,004)</td>
</tr>
<tr>
<td>Provision for the year</td>
<td>5,900,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Provisionally paid for current year</td>
<td>(23,872,200)</td>
<td>(17,463,545)</td>
</tr>
<tr>
<td>Total</td>
<td>(45,361,078)</td>
<td>(29,247,132)</td>
</tr>
</tbody>
</table>

13.3 Deferred tax asset

<table>
<thead>
<tr>
<th>Statement of Income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>On provisions not allowed for tax</td>
<td>27,184,260</td>
<td>21,477,246</td>
</tr>
<tr>
<td>(5,767,014)</td>
<td>(13,132,331)</td>
<td></td>
</tr>
</tbody>
</table>

13.4 Deferred tax liability

<table>
<thead>
<tr>
<th>Statement of Income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred due to accelerated tax depreciation</td>
<td>24,588,407</td>
<td>16,922,534</td>
</tr>
<tr>
<td>7,665,873</td>
<td>15,935,428</td>
<td></td>
</tr>
<tr>
<td>Total deferred tax expense</td>
<td>1,968,859</td>
<td>2,803,097</td>
</tr>
</tbody>
</table>

13.5 Corporate Social Responsibility / Tourism marketing Tax

<table>
<thead>
<tr>
<th>Statement of Income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,605,465</td>
<td>3,005,448</td>
<td></td>
</tr>
<tr>
<td>Total income tax expense</td>
<td>13,827,583</td>
<td>6,047,027</td>
</tr>
</tbody>
</table>

14 Authorised & issued capital

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised and issued and fully paid 1,000 shares of R 1,000 each</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

15 Investment

Investment is stated at historical cost less losses retained in the following unquoted, associated company in the Seychelles:

<table>
<thead>
<tr>
<th>Holding</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified as</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in associate</td>
<td>26%</td>
<td>49,651,046</td>
</tr>
<tr>
<td>Share of losses retained in associate</td>
<td>(9,317,547)</td>
<td>(16,829,109)</td>
</tr>
<tr>
<td>Investment in associate</td>
<td>40,543,499</td>
<td>30,321,937</td>
</tr>
</tbody>
</table>

Seychelles Cable System Company Limited was incorporated to set up a submarine fibre-optic link between Seychelles and Tanzania for improved telecommunication services. The Other shareholders of this company are the Government of Seychelles (40.6%) and Cable & Wireless (Seychelles) Limited (33.4%).
<table>
<thead>
<tr>
<th>16</th>
<th>Inventories</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>For resale</td>
<td>1,864,112</td>
<td>4,963,480</td>
<td></td>
</tr>
<tr>
<td>GSM material for capitalisation projects</td>
<td>0</td>
<td>12,828,298</td>
<td></td>
</tr>
<tr>
<td>Consumables and spares</td>
<td>0</td>
<td>2,247,225</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,864,112</td>
<td>20,039,003</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>17</th>
<th>Trade and other receivables</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>13,713,813</td>
<td>10,826,203</td>
<td></td>
</tr>
<tr>
<td>Interconnect and roaming partners</td>
<td>42,519,850</td>
<td>67,657,284</td>
<td></td>
</tr>
<tr>
<td>Related parties (note 21.4)</td>
<td>58,386,845</td>
<td>40,290,038</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>975,715</td>
<td>756,455</td>
<td></td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td>10,795,418</td>
<td>22,771,198</td>
<td></td>
</tr>
<tr>
<td>Prepayments for services and other</td>
<td>11,338,499</td>
<td>6,859,097</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>137,795,149</td>
<td>148,562,867</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>18</th>
<th>Employee benefit obligations</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January</td>
<td>4,172,829</td>
<td>3,543,049</td>
<td></td>
</tr>
<tr>
<td>Benefits paid</td>
<td>0</td>
<td>(219,995)</td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>(70,515)</td>
<td>848,875</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,102,314</td>
<td>4,172,829</td>
<td></td>
</tr>
</tbody>
</table>

Employment Amendment Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from their date of original employment.

<table>
<thead>
<tr>
<th>19</th>
<th>Borrowings</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immediate parent (note 21.4)</td>
<td>34,969,402</td>
<td>34,969,402</td>
<td></td>
</tr>
<tr>
<td>Fellow Subsidiary (note 21.5)</td>
<td>155,586,434</td>
<td>68,451,260</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>190,555,836</td>
<td>103,420,662</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified as:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td>34,969,402</td>
<td>34,969,402</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>155,586,434</td>
<td>68,451,260</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20</th>
<th>Trade and other payables</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>78,170,556</td>
<td>68,437,331</td>
<td></td>
</tr>
<tr>
<td>Payable to related parties (note 21.3)</td>
<td>46,607,092</td>
<td>52,701,447</td>
<td></td>
</tr>
<tr>
<td>Interconnect and roaming partners</td>
<td>52,917,280</td>
<td>18,590,084</td>
<td></td>
</tr>
<tr>
<td>Sales taxes</td>
<td>(5,635,640)</td>
<td>18,717,774</td>
<td></td>
</tr>
<tr>
<td>Deferred income</td>
<td>13,207,599</td>
<td>10,105,983</td>
<td></td>
</tr>
<tr>
<td>Security deposits</td>
<td>1,442,187</td>
<td>1,432,405</td>
<td></td>
</tr>
<tr>
<td>Other creditors</td>
<td>1,967,061</td>
<td>57,600,841</td>
<td></td>
</tr>
<tr>
<td>Accruals for local services</td>
<td>22,992,933</td>
<td>11,991,744</td>
<td></td>
</tr>
<tr>
<td>Accruals for annual network maintenance</td>
<td>56,953,558</td>
<td>23,090,130</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>268,612,628</td>
<td>263,597,439</td>
<td></td>
</tr>
</tbody>
</table>
AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
Financial statements are prepared in Seychelles Rupees

21 Related parties and transactions

These relate to transactions with parent company and fellow subsidiaries and senior management of the company.

21.1 Services provided to:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergroup companies</td>
<td>44,391,026</td>
<td>12,247,659</td>
</tr>
</tbody>
</table>

21.2 Services received from:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergroup companies</td>
<td>37,526,855</td>
<td>26,792,384</td>
</tr>
</tbody>
</table>

21.3 Year end balances arising from sales and purchase of goods

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable from Intergroup Companies</td>
<td>58,361,845</td>
<td>40,290,038</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to Intergroup Companies</td>
<td>46,697,092</td>
<td>52,701,447</td>
</tr>
</tbody>
</table>

21.4 Loans from immediate parent

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>34,969,402</td>
<td>34,969,402</td>
</tr>
<tr>
<td>Loans made during the year</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loan repaid</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>At 31 December</td>
<td>34,969,402</td>
<td>34,969,402</td>
</tr>
</tbody>
</table>

The loan is long term, unsecured and interest free.

21.5 Loan with fellow subsidiary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>5,506,402</td>
<td>2,206,402</td>
<td>66,451,250</td>
<td>28,862,778</td>
</tr>
<tr>
<td>Received in the year</td>
<td>5,500,964</td>
<td>3,300,000</td>
<td>72,845,577</td>
<td>39,746,280</td>
</tr>
<tr>
<td>Repaid in the year</td>
<td>(17,504)</td>
<td>0</td>
<td>(211,758)</td>
<td>0</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>0</td>
<td>0</td>
<td>17,501,396</td>
<td>(2,255,793)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>11,078,882</td>
<td>5,506,402</td>
<td>156,586,434</td>
<td>66,451,260</td>
</tr>
</tbody>
</table>

The loan is long term, unsecured repayable in full by 31 December 2020 and started attracting interest in June 2014.

21.6 Directors emoluments, pensions or compensation

No emoluments, pensions or compensation was paid to directors during the year.

21.7 Parent and other controlling interests

The company's parent is Indian Ocean Telecom Limited, incorporated in the Jersey. The ultimate parent company is Bharti Airtel Africa BV, a company incorporated in the Netherlands.

22 Commitments

22.1 Capital commitments

Significant investment was made in 2014 to the tune of SR142m. SR 80m was added to Fixed Assets while another SR 62m was part of Open Purchase Order as at the end of the period ending 31st December 2014. Investment for the period related to Fiber across Mahe, purchase of additional STM1 and the roll out of 4G as Seychelles first. Further investing to the tune of SR70m is planned for 2015 and the major projects will be ring fencing Seychelles with 4G and Fiber.
22 Commitments (cont.)

22.2 Capital commitments

Significant commitment was made in 2014 to the tune SR 62mn as open CAPEX purchase orders as at 31st December 2014 investment for the period related to Fiber across Mahe and the roll out of 4G as Seychelles first. Investment to the tune of SR 70mn is planned for 2015 and the major projects will be ring fencing Seychelles with 4G and Fiber.

The future minimum lease payments under non-cancelable operating lease are as follows

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>No later than 1 year</td>
<td>4,003,600</td>
</tr>
<tr>
<td>Later than 1 year and no later than 5 years</td>
<td>6,505,860</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,509,460</strong></td>
</tr>
</tbody>
</table>

23 Contingencies

23.1 Withholding tax liability

The company is in contention with the Commissioner of Taxes that in line with other concessions granted for setting up a telecommunications network in the Seychelles, it was exempted from paying withholding taxes for its first 10 years of its operations. The Commissioner contends that the exemption for withholding tax was only intended to apply prior to commencement of operations.

The company has formally objected to withholding tax assessments raised by the Commissioner of Taxes and has appealed subsequent decision of the Supreme Court of Seychelles to the court of appeal. In the eventuality that the company is unable to defend its position, it would become liable to a withholding tax liability (up to 30 November 2007) of SR 18M of which, the non-penalty element of SR13M would be an allowable deduction for taxation.

The Commissioner of Taxes is withholding SR E12M in respect of Business tax refunds and an advance of SR 2m made against any potential liability. The company has provided for non-recoverability of this in the prior year as other comprehensive income(Expense).

23.2 Interconnect agreement

Cable and Wireless has filed a case with the Supreme Court of Seychelles for a claim of SR 2.3M for short fall under the interconnection agreement between the two companies. The company has made no provision for this claim, which, in the opinion of the company’s legal advisor should not exceed SR 0.8M. As at post balance sheet, both companies have agreed on an out of court settlement to the tune of SR 0.8M

23.3 Other

Apart from above, the directors are not aware of any outstanding contingent liabilities at 31 December 2014