

**BHARTI AIRTEL UGANDA HOLDINGS B.V.
AT AMSTERDAM**

Annual Report 2017/2018



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To the shareholders of
Bharti Airtel Uganda Holdings B.V. (the "Company")
Overschiestraat 65
1062 XD Amsterdam

Dear shareholders,

Please find attached the financial statements for the year starting on April 1, 2017 and ending on March 31, 2018 of the Company (hereinafter referred to as the "Year 2017/2018").

We have prepared the annual accounts of the Year 2017/2018 of the Company in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise the Balance Sheet as at March 31, 2018 and the Profit and Loss Account for the Year 2017/2018 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

The activities of the Company consist of providing holding and finance services. On March 31, 2018 the board of directors is formed by Ms. J.C. Uneken- van de Vreede.

The Balance Sheet is showing a total amount of USD 23,845,803 and the Profit and Loss Account is showing a negative post-tax result of USD 57,078,702. The loss for the Year 2017/2018 amounts to USD 57,078,702 compared with a loss for the year 2016/2017 of USD 4,280,520.

For purposes of corporate income tax, the Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. The corporate income tax of the subsidiaries of the Company is reported in the accounts of Bharti Airtel International (Netherlands) B.V. The withholding taxes paid by the subsidiaries of the Company are reported in the accounts of the subsidiaries. The withholding taxes are recognized in the Profit and Loss Account as general expenses. We will gladly provide further explanations upon request.

Sincerely yours,



J.C. Uneken - van de Vreede

The management board of the Company

FINANCIAL STATEMENTS

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1 BALANCE SHEET AS AT MARCH 31, 2018
(before result distribution)

| Particulars | Notes | As at March 31, 2018 USD'000 | As at March 31, 2017 USD'000 |
|------------------------------------|-------|------------------------------------|------------------------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Financial Fixed Assets | 1 | 23,845 | 172,236 |
| Current Assets | | | |
| Trade and other receivables | 2 | | |
| Receivables from group companies | | - | 21 |
| Cash and Cash Equivalents | 3 | 1 | 0 |
| Total | | 23,846 | 172,257 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity | | | |
| Issued share capital | 4 | 22 | 19 |
| Other Reserves | | (91,613) | (87,330) |
| Unappropriated Results | | (57,079) | (4,280) |
| Non-Current Liabilities | | | |
| Payable to group companies | 5 | 172,516 | 263,848 |
| Total | | 23,846 | 172,257 |

2 PROFIT & LOSS ACCOUNT 2017/2018

| Particulars | Notes | For the year ended | For the year ended |
|---|-------|--------------------|--------------------|
| | | March 31, 2018 | March 31, 2017 |
| | | USD'000 | USD'000 |
| Operating results | | | |
| Financial Income and expenses | 6 | (57,079) | (4,280) |
| Total Income | | <u>(57,079)</u> | <u>(4,280)</u> |
| Result before Tax | | (57,079) | (4,280) |
| Taxation on result from normal operations | | - | - |
| Result after Tax | | <u>(57,079)</u> | <u>(4,280)</u> |

3 NOTES TO THE COMPANY ACCOUNTS

GENERAL

Activities

The activities of the Company consist of providing holding and finance services. The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam, Netherlands.

Group structure

The Company forms part of the Bharti Airtel Group of companies. Immediate parent Company is Bharti Airtel Africa B.V. and the intermediate parent Company is Bharti Airtel Limited, India.

Consolidation

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Bharti Airtel Limited, India. Copies of the consolidated accounts are available at the Trade Register of the Chamber of Commerce in Amsterdam. The consolidated accounts will be filed together with the financial statements of the Company.

LIST OF PARTICIPATING INTERESTS

The Company has the following capital interests which have not been valued at net capital value:

| Name, statutory registered office | Share in issued capital |
|--|----------------------------|
| | % |
| Airtel Uganda Limited Kampala, Uganda | 99.99 |

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements have been prepared in accordance with the general provisions of Title 9, Book 2 of the Dutch Civil Code. As allowed in art.2:396 paragraph 6 of the Dutch Civil Code, the valuation of the assets and liabilities and the determination of the result is based on the principles for determination of the taxable profit, as meant in chapter II of the Corporate Income Tax Act 1969. The annual report and financial statements have been prepared on the historical cost basis, and based on the principal accounting policies set out below. They are presented in US Dollars. These financial statements will be submitted for consideration and approval at the forthcoming annual meeting of shareholders of the Company.

Assumption of continuity

The Company has an equity deficit of USD 148,669,591 as at March 31, 2018. The result for the year 2017/2018 amounted to USD 57,078,702(loss). The deficit is fully funded by borrowings, including intercompany loans. The Company's ability to continue as a going concern is highly contingent on the willingness on the part of group companies to continue the said loans. The group companies confirmed their willingness to continue the loans. In view of this, the accounting policies used in these financial statements are based on the expectation that the Company will be able to continue as a going concern.

Financial instruments

Financial instruments can be both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

The Company does not use derivatives.

Translation of foreign currency

The financial statements are presented in US dollar, which is the Company's functional and presentation currency, this based on the currency in which its main transactions are concluded.

Transactions in foreign currencies (transactions not in the functional currency of the transaction entity) are translated at the foreign exchange rate at transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the balance sheet date. All differences are taken to the income statement. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the balance sheet date; differences are taken to the Other Reserves within shareholder's equity.

Staff members

During the year 2017/2018 the Company had no employees, and hence incurred no wages, salaries or related social security charges, nor during the previous period.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES**Impairment**

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its 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.

Financial fixed assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Dutch Civil Code, participations are recognized at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement.

Receivables are valued at nominal value, unless disclosed differently. The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date. They are included in the current assets.

Current assets and accrued income

Receivables are valued at nominal value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Non-current liabilities

Liabilities are valued at nominal value, unless determined differently.

Long-term debts

Borrowings are valued at nominal value. Payables to group companies are included in long-term debts, except for maturities less than 12 months after balance sheet date. They are included in the current liabilities.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Principles for determination of the result

Profit or loss is determined as the difference between the realizable value of services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

Financial income and expenses

Financial income and expenses comprise of interest income and expense of loans for the current reporting period.

Taxes

The Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. A consolidated tax return is filed in which Bharti Airtel International (Netherlands) B.V. accounts for the Dutch tax implications of the group.

4 NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET AS PER MARCH 31, 2018**Assets**

| | Notes | March 31, 2018 USD'000 | March 31, 2017 USD'000 |
|-----------------------------------|----------|---------------------------|---------------------------|
| Financial Fixed Assets | | | |
| | 1 | | |
| Participation in group companies* | | 23,834 | 130,896 |
| Receivables from group companies | | 11 | 41,340 |
| Total | | 23,845 | 172,236 |

* During the year, Airtel Uganda Limited has redeemed preference shares amounting USD 107,062,000 held by Bharti Airtel Uganda Holding B.V.

Participation in group companies

| | | |
|--|--------|---------|
| Airtel Uganda Limited at Kampala, Uganda | 23,834 | 130,896 |
|--|--------|---------|

Management is of the opinion that the fair value of the participation is no less than the carrying value shown in the Balance Sheet.

Receivable from group companies

| | | |
|--|----|--------|
| Airtel Uganda Limited at Kampala, Uganda | 11 | 41,340 |
|--|----|--------|

The calculated interest rate as at year end is based on 3 months libor+ 450 bps. Any outstanding principal loan amounts and accrued interest thereon will be payable in fully by December 31, 2021, unless agreed otherwise between borrower and lender in writing.

Trade and Other Receivables**Receivables from group companies**

| | | |
|---------------------------|---|----|
| Bharti Airtel Africa B.V. | - | 21 |
|---------------------------|---|----|

Cash and Cash equivalent

| | | |
|---------------|---|---|
| Bank Balances | 1 | 0 |
|---------------|---|---|

Cash balances are free for disposal by the Company.

EQUITY AND LIABILITIES

| | <u>March 31, 2018</u> | <u>March 31, 2017</u> |
|---|-----------------------|-----------------------|
| | USD'000 | USD'000 |
| Shareholders' equity | 4 | |
| Issued Share Capital | | |
| 18,152 ordinary shares at par value Euro 1.00 | <u>22</u> | <u>19</u> |
| The statutory share capital amounts to Euro 90,760. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.230 as at 31 March 2018 (31 March 2017: Euro 1.0693). | | |
| Translation differences are recorded in Other Reserves. | | |
| Other Reserves | | |
| Balances as of April 1 | (87,330) | (79,609) |
| Allocation of Previous Financial Year Net Result | <u>(4,280)</u> | <u>(7,722)</u> |
| | (91,610) | (87,331) |
| Foreign currency changes on share capital | <u>(3)</u> | <u>1</u> |
| Balances as per March 31 | <u>(91,613)</u> | <u>(87,330)</u> |
| Unappropriated Results | | |
| Balances as of April 1 | (4,280) | (7,722) |
| Unappropriated Profit | <u>(57,079)</u> | <u>(4,280)</u> |
| | (61,359) | (12,002) |
| Appropriation of result previous year | <u>4,280</u> | <u>7,722</u> |
| Balance as per March 31 | <u>(57,079)</u> | <u>(4,280)</u> |
| Non Current Liabilities | | |
| Payable to group companies | 5 | |
| Bharti Airtel Africa B.V. | <u>172,516</u> | <u>263,848</u> |

The calculated interest as at year end is based on 3 month libor+ 225 bps (in 2016/2017: 3 month libor+ 225 bps). Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31, 2021, unless agreed otherwise between borrower and lender in writing.

ASSETS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

Contingent liabilities

Tax-group liability

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel International (Netherlands) B.V. as of 8 June, 2010. Under the Tax Collection Act, the Company is jointly and severally liable for the taxes payable by the group.

5 NOTES TO THE SPECIFIC ITEMS OF THE PROFIT & LOSS ACCOUNT 2017/2018

| Particulars | <u>2017/2018</u> | <u>2016/2017</u> |
|--|------------------------|-----------------------|
| | USD'000 | USD'000 |
| Financial Income and Expenses | | |
| Interest and similar expenses | 6 <u>(57,079)</u> | <u>(4,280)</u> |
| | <u>(57,079)</u> | <u>(4,280)</u> |
| Interest and Similar Expenses | | |
| Bharti Airtel Africa B.V. | (8,740) | (4,278) |
| Interest Income | 9,438 | - |
| Realised Loss on Investment on redemption of Preference Shares | (57,777) | - |
| Bank Charges | - | (2) |
| | <u>(57,079)</u> | <u>(4,280)</u> |

Management Board signature for approvalAmsterdam, 12th July 2018


J.C. Uneken - van de Vreede

OTHER INFORMATION

OTHER INFORMATION

1 Notification regarding the absence of an audit report

The Company is exempt from audit requirement because it is within the limits set in Article 2: 396 paragraph 1 of the Dutch Civil Code. Therefore the annual accounts do not include an audit report.

2 Statutory appropriation of profit

According to the Company's Articles of Association, article 22, the General Meeting of shareholders determines the appropriation of the Company's net result for the year.

3 Appropriation of the result for the 2016/2017 financial year

The annual account for the year 2016/2017 were adopted by the General Meeting held on November 08, 2017. The General Meeting has determined the appropriation of the result as it was proposed.

4 Proposed appropriation of result for the financial year 2017/2018

The management board proposes to deduct the 2017/2018 result from the Other Reserves for an amount of USD 57,078,702 (loss). The financial statements do (not yet) reflect this proposal.

5 Post Balance Sheet events

There is no post Balance Sheet event to report.