ANNUAL REPORT

Bharti Airtel International (Netherlands) B.V.
At Amsterdam
Regarding the annual accounts 2011/2012

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ACCOUNTANTS LLP

1 REPORT OF THE MANAGEMENT BOARD 2011/2012

Dear Shareholders,

This was the first full year of the Company's operations in Africa and it was therefore also a year of continued and major transformations. We fundamentally reorganized the way we were structured across the continent to ensure realization of synergies and economies of scale.

Best practices from India could now be fully leveraged, with strategic partners having joined us and governance processes involving detailed review processes having been put in place across all functions. Our strategic partners have established and stabilized supplies and services, particularly in the areas of network equipment, managed services, maintenance, IT and call centers. This has allowed us to provide a consistent and high level of customer service, fast roll out, innovative product and brand management etc.

We also started to see the benefit of a young, mobile workforce, eager to move to where the challenges and career opportunities lay. More importantly though, we launched the Africa Leadership Initiative. This aims to provide opportunities to high potential local talent to occupy leadership roles in their respective home countries. Training and development has been an important focal area for us in the year 2011-12: we have also launched functional skill building programs covering Sales and Marketing, Networks and Customer Service which are aimed at building skills at frontline customer facing roles.

It was a proud moment when we broke the 50 million customer milestone but that is meanwhile well behind us and we are looking forward to welcoming ever more happy and loyal African Airtel customers.

All of this is ensuring a sustained growth profile of our operations, and despite our significant investments since 2010, we have already observed some very encouraging developments, such as the early repayment of loans and a first dividend payment by some our subsidiaries.

ACTIVITIES

During the year, the Company operationalized most of its newly incorporated subsidiaries in the field of Tower Infrastructure (through its direct investment in Africa Towers N.V.) and Mobile Money (through the direct and indirect holdings it has via Airtel Mobile Commerce B.V.

Whilst these activities are currently still small in nature, they hold a promise of a much larger future, particularly the latter, given the strong interest already shown today in the Mobile Commerce services across the African Continent.

FINANCIAL RESULTS

Total revenue for 2011/2012 amounted to USD 72.9 million and is based on contractual agreements with related parties. Due to the acquisition and market penetration activities, significant costs were incurred which, together with the employee related expenses incurred in the Kenya branch, resulted in an operating loss of USD 29.2 million for the year. As interest expense on the third party loan exceeded interest income from group companies, the financial result was USD 90.6 million. Overall this resulted in a loss before tax of USD 119.9 million. However, the Company has suitable commercial arrangements with its creditors, healthy cash flows and sufficient standby credit lines with banks and financial institutions to meet its working capital cycles. It deploys a robust cash management system to ensure timely servicing of its liquidity obligations. The Company has also been able to arrange for adequate liquidity at an optimized cost to meet its business requirements and has minimized the amount of funds tied-up in current assets.

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As at March 31, 2012, the Company had cash and cash equivalents of US$ 41.7 Mn and total net assets of USD 1.9 billion.

The Company actively manages its short-term liquidity to generate optimum returns to investments made only in debt and money market instruments including in liquid and income debt fund schemes, fixed maturity plans and other similar instruments.

The Company is comfortable with its present liquidity position and foreseeable liquidity needs. It has adequate facilities in place and appropriate cash flows to meet liquidity requirements for executing its business plans and meeting any evolving requirements.

OUTLOOK

Despite the increase in management fee income in the financial year 2011/2012, the company still did not realize an operational result for 2011/2012. As in 2010/2011, interest expenses exceeded interest income, overall resulting in a loss before tax of USD 119.9 million. For the financial year 2012/2013 it is expected that, given the structure, a loss will also be realized. As indicated, sufficient measures are taken and provided to ensure that the Company can meet its obligations.

RESOURCES

On 31 March 2011 the Company employed merely via its branch in Kenya, 157 persons. This increased to 199 in 2011/2012 and will further increase in line with the increase of the operating activities in Africa.

RISKS

Interest Risks

The company's interest rate risk arises mainly from (external) long-term borrowings receivable and payable. The company enters into derivative financial instruments to hedge its long-term debt interest obligations. The Group as a whole analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Credit Risks

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a loss. Taking into account that the Company only has group related financial fixed assets, the credit risk de facto depends on the credit risk of Group companies. With regard to bank deposits, the Group manages this risk by placing fixed and short-term bank deposits with high credit rating financial institutions. Credit risk with respect to trade debtors is limited due to (geographic) dispersion across large number of customers.

Liquidity Risks

Liquidity risk is the risk that the company may not be able to meet its funding requirements. The ultimate parent company confirmed its intention to management to financially support the company for the period of at least 12 months from the date of which the financial statements of the company for the year ended 31 March 2012 are approved by its Management Board.

AUDITORS' REPORT

The Board has duly examined the Statutory Auditors' report to these accounts which is self-explanatory and clarifications wherever necessary, have been included in the Notes to Accounts section of this report.

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AND FINALLY

We would like to thank the Management and all our employees of our African operations for their passion and unwavering dedication. They are proving that sub-Saharan Africa is among the most resilient economies in the world and now – and in the future, among the best places to be in.

Amsterdam, July 30, 2012

J.C. Uneken – van de Vreede	M.K. Kohli
D.J. de Haan	Tan Y.C.

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FINANCIAL STATEMENTS

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1 BALANCE SHEET AS OF 31 MARCH 2012

Before appropriation of results

		31 March 2012		31 March 2011	
		USD*1.000	USD*1.000	USD*1.000	USD*1.000
ASSETS					
Fixed assets					
Tangible fixed assets	(1)				
Other operating assets		5.109		3.389	
Means of transportation		219		125	
Operating assets under construction and payments on account		775		-	
			6.103		3.514
Financial fixed assets	(2)				
Participations in group companies		6.157.008		6.452.005	
Receivables from group companies		3.571.107		3.116.434	
			9.728.115		9.568.439
Current assets					
Debtors	(3)				
Receivables from group companies		64.590		39.531	
Receivables and prepayments and accrued income		44.762		4.998	
			109.352		44.529
Cash and cash equivalents	(4)		41.752		3.668
			9.885.322		9.620.150

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		31 March 2012		31 March 2011	
		USD*1.000	USD*1.000	USD*1.000	USD*1.000
EQUITY AND LIABILITIES					
Shareholders' equity	(5)				
Issued and paid-up share capital		49		52	
Share premium		2.132.453		2.132.453	
Foreign currency translation reserve		-3		-6	
Other reserves		-87.497		-	
Unappropriated results		-122.194		-87.497	
			1.922.808		2.045.002
Long-term debts	(6)				
Amounts owed to credit institutions		4.578.398		6.456.041	
Payables to group companies		496.949		15.985	
			5.075.347		6.472.026
Current liabilities	(7)				
Amounts owed to credit institutions		1.536.185		-	
Payables to group companies		1.318.086		288.223	
Taxes		2.506		881	
Current liabilities and accruals		30.390		814.018	
			2.887.167		1.103.122
			9.885.322		9.620.150

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2 PROFIT AND LOSS ACCOUNT 2011/2012

		1 April 2011 - 31 March 2012		19 March 2010 - 31 March 2011	
		USD*1.000	USD*1.000	USD*1.000	USD*1.000
Management fees			72.970		43.483
Operating costs					
Employee benefit expense	(8)	65.843		41.914	
Depreciation	(9)	1.328		264	
Other costs	(10)	35.056		16.820	
			102.227		58.998
Operating result			-29.257		-15.515
Interest income from group companies	(11)	79.716		60.453	
Other interest income		-		1	
Foreign currency exchange differences	(12)	-4.204		-2	
Interest expenses and similar charges	(13)	-166.211		-132.254	
Financial income and expense			-90.699		-71.802
Result on ordinary activities before taxation			-119.956		-87.317
Taxation on result of ordinary activities	(14)		-2.238		-180
Result after taxation			-122.194		-87.497

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3 NOTES TO THE COMPANY ACCOUNTS

Activities

The activities of Bharti Airtel International (Netherlands) B.V. mainly consist of providing holding and finance services, including management services. In addition, the company is performing activities via its Kenya branch in the form of providing manpower. Bharti Airtel International (Netherlands) B.V. has its registered office at Keizersgracht 62-64, 1015 CS, Amsterdam.

Group structure

Bharti Airtel International (Netherlands) B.V. forms part of the Bharti Airtel Group of companies. The Company is ultimately owned by Bharti Airtel Limited, India. The company's direct shareholders are Bharti International (Singapore) Pte Ltd and Bharti Airtel Limited.

Consolidation

The company has not presented consolidated accounts as at 31 March 2012 as it avails itself of the facility of article 408, Book 2 of the Netherlands 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 and filed together with these Financial Statements.

Use of estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

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Going concern

The Company funded its acquisitions in investments and providing loans to group companies via shareholders' contributions and an interest bearing third party loan. Mainly this third party interest resulted in a loss for the year 2011/2012. Since the Company is unable to generate sufficient cash flow to finance the interest expenses, Bharti Airtel Limited assures requisite support to Bharti Airtel International (Netherlands) B.V. in discharging its commitments, liabilities and obligations in the event that Bharti Airtel International (Netherlands) B.V requests any such support. This assurance shall be valid for a period of at least 12 months from the date of the financial report for the period ended March 31, 2012.

Financial instruments

Financial instruments are 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 uses forward currency contracts to manage its risks associated with foreign currency fluctuations. These derivatives are not designated as cash flow, fair value or net investment hedges. The forward currency contracts are initially measured at fair value and then revalued at fair value on a mark-to-market basis as at balance sheet date. The profit or loss from the revaluation to fair value as at balance sheet date is recognized directly into the profit and loss account.

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 foreign currency translation reserve within shareholders' equity.

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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.

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets are capitalised if the economic ownership held by the company is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

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 Netherlands Civil Code, participations are recognised 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 disclosed under financial assets are initially stated at fair value. Following initial measurement, the receivables are carried at amortized costs based on the effective interest method less any reductions for impairment or uncollectables.

The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date. They are then included in the current assets.

Current assets and accrued income

Upon initial recognition the receivables are included at fair value and subsequently measured at amortised cost. The fair value equals the face value. Amortized costs is calculated using the effective interest method less any reductions for impairment or uncollectables. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

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Taxes, current liabilities and accruals

Current liabilities and accruals are initially measured at fair value. After initial measurement, liabilities are carried at amortized cost using the effective interest method.

A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off. Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realization or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the group at the balance sheet date. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.
Deferred and other tax assets and liabilities are netted off if the general conditions for netting off are met.

Long-term debts

Borrowings are initially recognised at fair value. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

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

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Principles for the determination of the result

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

Management fee

Revenues from services are based on the revenues recognized by the operating entities structured in the company's group.

Other costs

Other costs are recognised based on the historical cost convention and are allocated to the reporting year to which they relate.

Employee benefit expense

Employee benefits are recognised in the year during which the services have been rendered.
All employees of the Company's branch are entitled to receive benefits under the National Social Security Fund. Both the employee and the employer make monthly contributions. The Company's contributions to these scheme are expensed in the Profit and Loss Account. The Company has no further obligations under these plans beyond its monthly contributions.

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The Company issues cash-settled share-based options to certain employees. These share based options do relate to shares of Bharti Airtel Limited, the ultimate parent Company. The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period. At the end of the each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognized, with any changes in fair value pertaining to the vested period recognized immediately in profit or loss.

Fair value is measured using Black-Scholes Model and is recognized as an expense, together with a corresponding increase in liability, as appropriate, over the period in which the options vest using the graded vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

Depreciation

Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Result of subsidiaries

Dividend income and results on the disposal of subsidiaries is accounted for in the profit and loss as financial income.

Financial income and expense

Interest income is recognized pro rata in the profit and loss account, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received.

Interest expense is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts, are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognized in the profit and loss account, with the amortized cost of the liabilities being recognized in the balance sheet. Period interest charges and similar charges are recognized in the year in which they fall due.

Taxation

Profit tax is calculated on the profit/(loss) before taxation in the profit and loss account, taking into account any losses carried forward from previous financial years, tax-exempt items and non-deductible expenses, and using current tax rates.

CASH FLOW STATEMENT

Since the Company's financial data and cash flow are included in the consolidated financial statements of Bharti Airtel Limited, the ultimate parent company, no cash flow statement has been prepared, this as allowed by RJ 360.104.

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4 NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET AS OF 31 MARCH 2012

ASSETS

1. Tangible fixed assets

	Other operating assets	Means of transpor-tation	Operating assets under construction and payments on account	Total
	USD*1.000	USD*1.000	USD*1.000	USD*1.000
Book value as of April 1, 2011				
Purchase price	3.652	126	-	3.778
Accumulated depreciation and other impairments in value	-263	-1	-	-264
	3.389	125	-	3.514
Movements				
Acquisitions	2.997	145	775	3.917
Depreciation	-1.277	-51	-	-1.328
	1.720	94	775	2.589
Book value as of March 31, 2012				
Purchase price	6.649	271	775	7.695
Accumulated depreciation and other impairments in value	-1.540	-52	-	-1.592
Book value as of March 31, 2012	5.109	219	775	6.103

Depreciation percentages

	%
Other operating assets	20-33
Means of transportation	20
Operating assets under construction and payments on account	0

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2. Financial fixed assets

	31-3-2012	31-3-2011
	USD*1.000	USD*1.000
Participations in group companies		
Bharti Airtel Africa B.V.	6.156.924	6.451.921
Africa Towers N.V.	62	62
Airtel Mobile Commerce B.V.	22	22
	6.157.008	6.452.005

Management is of the opinion that the fair value of the participations is no less than the carrying value shown in the balance sheet.

	2011/2012	2010/2011
	USD*1.000	USD*1.000
Bharti Airtel Africa B.V.		
Balance as at April 1, 2011	6.451.921	-
Investment during the year	-	6.451.921
Other adjustments	-294.997	-
Balance as at March 31, 2012	6.156.924	6.451.921

The Company as part of the acquisition agreement, has entered into tax deed with Mobile Telecommunications Company K.S.C. for a period of 5 years from acquisition date indemnifying the Company against all tax & legal cases pertaining to the period prior to acquisition period up to 8th June 2010. As part of the tax deed agreement, the company has receivable/received an amount of US$ 295 million from Mobile Telecommunications Company K.S.C, such amount receivable/received has been adjusted against the acquisition price of the purchase, as allowed under Dutch GAAP.

Africa Towers N.V.		
Balance as at April 1, 2011	62	-
Investment during the year	-	62
Balance as at March 31, 2012	62	62

Airtel Mobile Commerce B.V.		
Balance as at April 1, 2011	22	-
Investment during the year	-	22
Balance as at March 31, 2012	22	22

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	31-3-2012	31-3-2011
	USD*1.000	USD*1.000
Receivables from group companies		
Bharti Airtel Africa B.V.	3.569.889	3.116.434
Airtel Mobile Commerce B.V.	179	-
Africa Towers N.V.	1.039	-
	3.571.107	3.116.434

Bharti Airtel Africa B.V.

	2011/2012	2010/2011
	USD*1.000	USD*1.000
Balance as at April 1, 2011	3.116.434	-
Movements during the year	453.455	3.116.434
Balance as at March 31, 2012	3.569.889	3.116.434

The calculated interest as at year end is LIBOR+2%. No redemption scheme has been agreed on.

Airtel Mobile Commerce B.V.

Balance as at April 1, 2011	-	-
Movements during the year	179	-
Balance as at March 31, 2012	179	-

Africa Towers N.V.

Balance as at April 1, 2011	-	-
Movements during the year	1.039	-
Balance as at March 31, 2012	1.039	-

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CURRENT ASSETS

3. Debtors

	31-3-2012	31-3-2011
	USD*1.000	USD*1.000
Receivables from group companies		
Celtel Zambia Plc	-	7.910
Airtel Networks Limited	27.547	8.876
Celtel Gabon S.A.	630	5.499
Airtel Tanzania Ltd	8.705	4.236
Airtel Malawi Ltd.	8.583	-
Other group companies	19.125	13.010
	64.590	39.531

Receivables and prepayments and accrued income

Other receivables	43.440	3.611
Prepayments and accrued income	1.322	1.387
	44.762	4.998

Other receivables

Advance to Vendor	2.370	1.370
Recoverable from Vendor	473	529
Security Deposit	800	585
Recoverable from Mobile Telecommunications Company K.S.C	39.797	1.127
	43.440	3.611

Prepayments and accrued income

Rent and others	834	590
Employee receivables	400	702
Other receivables and accrued assets	88	95
	1.322	1.387

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	31-3-2012	31-3-2011
	USD*1.000	USD*1.000

4. Cash and cash equivalents

Cash at bank	252	668
Short-term deposits with banks with original maturities of less than three months	41.500	3.000
	41.752	3.668

Cash balances are at free disposal of the group.

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EQUITY AND LIABILITIES

5. Shareholders' equity

	31-3-2012	31-3-2011
	USD*1.000	USD*1.000
Issued and paid-up share capital		
18.735 Ordinary shares "A" of EUR 1,00	25	27
18.000 Ordinary shares "B" of EUR 1,00	24	25
	49	52

The authorised share capital of Bharti Airtel International (Netherlands) B.V. amounts to EUR 183.675 divided into 93.675 ordinary shares "A" of EUR 1 and 90.000 shares "B" of EUR 1.

The Company's Euro denominated share capital is translated into US$ at an exchange rate of € 1,334 as at 31 March 2012 (31 March 2011: € 1,410). Translation differences are recorded in the foreign currency translation reserves.

	Ordinary shares "A"	Ordinary shares "B"	Total
	USD*1.000	USD*1.000	USD*1.000
Balance as at April 1, 2011	27	25	52
Movements currency exchange differences	-2	-1	-3
Balance as at March 31, 2012	25	24	49
Authorised share capital in EUR	93.675	90.000	183.675
Number of issued shares	18.735	18.000	36.735
Nominal value in EUR		1,00	1,00

	2011/2012	2010/2011
	USD*1.000	USD*1.000
Share premium		
Balance as at April 1, 2011	2.132.453	-
Additions	-	2.132.453
Balance as at March 31, 2012	2.132.453	2.132.453

During 2010 shareholder Bharti International (Singapore) Pte Ltd paid in cash USD 2.132.453 as share premium on 18.000 shares "B". Only holders of shares "B" are entitled to this share premium amount.

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	2011/2012	2010/2011
	USD*1.000	USD*1.000
Foreign currency translation reserve		
Balance as at April 1, 2011	-6	-
Movements	3	-6
Balance as at March 31, 2012	-3	-6
Other reserves		
Balance as at April 1, 2011	-	-
Appropriation results previous year	-87.497	-
Balance as at March 31, 2012	-87.497	-
Unappropriated results		
Balance as at April 1, 2011	-87.497	-
Unappropriated result	-122.194	-87.497
	-209.691	-87.497
Appropriation of result previous year	87.497	-
Balance as at March 31, 2012	-122.194	-87.497

6. Long-term debts

Amounts owed to credit institutions

	31-3-2012	31-3-2011
	USD*1.000	USD*1.000
Loans		
Loans from credit institutions	4.578.398	6.456.041

The amount loaned constitute of two credit facilities from Standard Chartered Bank with interest terms ranging from LIBOR+1.2% to LIBOR+1.95%. Depending on the facility, the maturity date varies from 2012 to 2016. No amount is due in over five years after balance sheet date. Short term portions of the loans are included in current liabilities.

All loans are unsecured, however they are guaranteed by Bharti Airtel Limited, India. Conditions as stated in the financial covenant are to be met on the consolidated level of Bharti Airtel Limited, India.

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Payables to group companies

	2011/2012	2010/2011
	USD*1.000	USD*1.000
Bharti International (Singapore) Pte Ltd		
Balance as at April 1, 2011	15.985	-
Movement during the year	480.964	15.985
Long-term debt as at March 31, 2012	496.949	15.985

The calculated interest is 6 months LIBOR + 2.1%. Redemption of USD 1,000,000 due in November 2015 and the balance in July 2016.

7. Current liabilities

	31-3-2012	31-3-2011
	USD*1.000	USD*1.000
Amounts owed to credit institutions		
Short-term overdrafts	140.569	-
Current portion of long-term loans credit institutions	1.395.616	-
	1.536.185	-

Payables to group companies

Network i2i Limited	118.000	21.072
Bharti Airtel International (Mauritius) Limited	177.000	-
Bharti Airtel Services B.V.	7.044	5.179
Bharti Airtel Limited	992.398	261.569
Bharti International (Singapore) Pte Ltd	414	403
Other group companies	23.230	-
	1.318.086	288.223

Network i2i Limited

The calculated interest as at year end is 3 months LIBOR +1.25%. The loan is payable on demand.

Bharti Airtel International (Mauritius) Limited

The calculated interest as at year end is 3 months LIBOR +1.45%. The loan is payable on demand.

Bharti Airtel Limited

The calculated interest as at year end is 3 months LIBOR +1.70%. The loan is payable on demand.

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	31-3-2012	31-3-2011
	USD*1.000	USD*1.000

Taxes

Corporate taxes	2.500	647
Other taxes	6	234
	2.506	881

Other payables

Mobile Telecommunications Company K.S.C	-	783.348

Accruals

Professional and Legal Fees	2.496	1.235
Accrued Interest not due	4.062	14.359
Wages and Bonus payable	14.870	7.678
Marketing expenses	3.639	4.572
Derivative financial liability	338	-
Other liabilities and accrued expenses	4.985	2.826
	30.390	30.670

Assets and commitments not shown in the balance sheet

Bank(er's) guarantee

As at 31 March 2012 guarantee credits have been issued for an amount of US$ 1,34 billion on behalf of principals.

Other guarantees

The Company is separately, and unlimitedly, liable for debts of all African group companies regarding two suppliers in case of a default in payment.

The Company has provided a letter of support on behalf of a supplier of a 26,3% equity interest in one of the Company's subsidiaries. The company is liable for its subsidiary's share of the contract worth € 34,35 million in total.

The Company has provided a guarantee on behalf of a supplier, relating to the total of payment obligations of the Company and its subsidiaries for a maximum amount of USD 50 million.

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Deferred tax asset on losses

A total of tax-losses amounting to USD 209 million can be set-off against possible future fiscal profits. This asset is not recognised on the balance sheet, but is stated as contingent rights.

Long-term financial obligations

Capital commitments

The company has commitments for a total amount of USD 2,4 million on contracts placed for future capital expenditure not provided for in the financial statements.

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Financial instruments

General

For the notes to financial instruments reference is made to the specific item by item note. Below the financial derivatives of the company and the related risks are disclosed.

The fair value of derivatives are estimated by using pricing models, where the inputs to those models are based on readily observable market parameters. The valuation models used reflect the contractual terms of the derivatives, including the period to maturity, and market-based parameters such as foreign exchange rates and volatility.These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable from actively quoted markets.

Currency risks

Foreign currency risks arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. Group management has set up a policy to require Group companies, Bharti Airtel International (Netherlands) B.V. included, to manage their foreign exchange risk against their functional currency. As per policy, Bharti Airtel International (Netherlands) B.V. may use various products to hedge such risks.

Interest risks

Bharti Airtel International (Netherlands) B.V.'s interest rate risk arises mainly from (external) long-term borrowings receivable and payable. The company enters into derivative financial instruments to hedge its long-term debt interest obligations.

The Group as a whole analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a loss.

Taking into account that Bharti Airtel International (Netherlands) B.V. only has group related financial fixed assets, the credit risk de facto depends on the credit risk of Group companies. With regard to bank deposits, the Group manages this risk by placing fixed and short-term bank deposits with high credit rating financial institutions. Credit risk with respect to trade debtors is limited due to (geographic) dispersion across large number of customers.

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its funding requirements. The ultimate parent company confirmed its intention to management to financially support the company for the period of at least 12 months from the date of which the financial statements of the company for the year ended 31 March 2012 are approved by its Management Board.

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Fair value estimation

The fair value of the company's financial assets and financial liabilities are approximately equal to their carrying values. The fair values of financial instruments carried at amortized costs are not significantly different from their carrying values.

5 NOTES ON FORWARD CURRENCY CONTRACTS

	Fair value of contracts in USD (*1)					
Fair Value	Sold/into	Bought/into				
Month	EUR/USD	USD/KES	USD/NGN	USD/UGX	USD/ZMK	Grand Total
Apr-12	416.245	-115.118	-182.730	144.293	-24.977	237.713
May-12	-343.910	-22.208	-280.322	16.281		-630.159
Jun-12	-20.193	-33.815				-54.008
Jul-12	65.053					65.053
Aug-12	35.333					35.333
Sep-12	8.245					8.245
Grand Total	160.773	-171.142	-463.052	160.574	-24.977	-337.824

	Amounts in EUR (*1)	Amounts in USD (*1)			
Contract amount	Sold/into	Bought/into			
Month	EUR/USD	USD/KES	USD/NGN	USD/UGX	USD/ZMK
Apr-12	16.438.595	8.000.000	37.500.000	7.000.000	6.000.000
May-12	17.008.253	5.000.000	32.500.000	4.000.000	-
Jun-12	15.977.930	5.000.000	-	-	-
Jul-12	16.083.085	-	-	-	-
Aug-12	16.059.888	-	-	-	-
Sep-12	4.008.695	-	-	-	-
Grand Total	85.576.446	18.000.000	70.000.000	11.000.000	6.000.000

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6 NOTES TO THE SPECIFIC ITEMS OF THE PROFIT AND LOSS ACCOUNT 2011/2012

	2011/2012	2010/2011
	USD*1.000	USD*1.000
8. Employee benefit expense		
Wages and salaries	41.758	11.340
Pension schemes	356	12
Management fee charged by Bharti Airtel Services B.V.	1.046	26.411
Other costs of personnel	22.683	4.151
	65.843	41.914

Wages and salaries

Wages and salaries	30.445	8.944
Bonuses	11.313	2.396
	41.758	11.340

Other costs of personnel

Allowances and reimbursements	19.286	-
Training costs personnel	172	-
Other costs of personnel	3.225	4.151
	22.683	4.151

Remuneration of (former) directors and supervisory directors

The remuneration (including pension contributions and other benefits) of the management board members over 2011/2012 charged to the company amounts to USD 2,0 million.

Wages and Salaries disclosed above includes accrual for the share options given to the employees subject to settlement in cash for the amount of USD 1,2 million.

Employees

The average number of employees during the year per geographical area is specified as follows:

	2011/2012	2010/2011
Specified as follows:		
Netherlands	3	1
Kenya	83	52
Rest of the world	113	104
	199	157

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	2011/2012	2010/2011
	USD*1.000	USD*1.000
9. Depreciation		
Tangible fixed assets	1.328	264
	1.328	264
Depreciation tangible fixed assets		
Other operating assets	1.277	263
Means of transportation	51	1
	1.328	264
10. Other costs		
Sales and marketing expense	5.046	3.554
Other costs	30.010	13.266
	35.056	16.820
Other costs		
Consultancy and audit costs	9.587	3.865
Withholding on Management Fees	8.643	4.402
Travelling and conveyance	5.217	3.320
Other operating costs	6.563	1.679
	30.010	13.266

Financial income and expense

	2011/2012	2010/2011
11. *Interest income from group companies*		
Interest income Bharti Airtel Africa B.V.	79.716	60.453
12. *Foreign currency exchange differences*		
Unrealised exchange differences	-354	-6
Realised exchange differences	-3.850	4
	-4.204	-2
Unrealised exchange differences		
Forward contracts	-338	-
Other	-16	-6
	-354	-6

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	2011/2012	2010/2011
	USD*1.000	USD*1.000
Realised exchange differences		
Forward contracts	-3.626	-
Other	-224	4
	-3.850	4

13. *Interest expenses and similar charges*

	2011/2012	2010/2011
Interest and related costs credit institutions	-128.643	-119.921
Interest expenses group companies	-21.770	-670
Amortization capitalized cost	-15.798	-11.663
	-166.211	-132.254

14. Taxation on result of ordinary activities

	2011/2012	2010/2011
Foreign taxation	-2.238	-180

Due to uncertainty in realizing future taxable income, no value is assigned to the available tax loss carry forward. This explains the difference between applicable tax rate (25%) and effective tax rate (-2%). The tax charge 2011/2012 relates to tax due over taxable income of the company's Kenya branch.

Auditor's fee

With reference to section 2:382a of the Netherlands Civil Code, the following fees have been charged by Ernst & Young Accountants LLP to the company:

	2011/2012	2010/2011
Statutory audit	30	30

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Signing of the financial statements

Amsterdam, 30 July 2012

J.C. Uneken - van de Vreede

M.K. Kohli

Tan Y.C.

D.J. de Haan

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OTHER INFORMATION

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OTHER INFORMATION

1 Provision in the articles of association governing the appropriation of profits

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

2 Proposed appropriation of result for the financial year 2011/2012

The Board of Managing Directors proposes that the result for the financial year 2011/2012, amounting to US$ 122.194.000 (loss) be transferred to other reserves.

The financial statements do (not yet) reflect this proposal.

3 List of subsidiaries

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

Name, Registered office	Share in issued share capital
	%
Bharti Airtel Africa B.V. Amsterdam	100,00
Airtel Mobile Commerce B.V. Amsterdam	100,00
Africa Towers N.V. Amsterdam	100,00

4 Branches

Bharti Airtel International (Netherlands) B.V. has a branch office in Kenya.

5 Independent auditor's report

Reference is made to the auditor's report as included hereinafter.

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Independent auditor's report

To: Bharti Airtel International (Netherlands) B.V.

Report on the financial statements

We have audited the accompanying financial statements for the period ended March 31, 2012 of Bharti Airtel International (Netherlands) B.V., Amsterdam, which comprise the balance sheet as at March 31, 2012, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 Dutch law, including the Dutch Standards on Auditing. This requires 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Bharti Airtel International (Netherlands) B.V. as at March 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, July 30, 2012

Ernst & Young Accountants LLP

Signed by S. van den Ham