

**CHANNEL SEA MANAGEMENT COMPANY
(MAURITIUS) LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2015

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

CONTENTS	PAGES
COMPANY INFORMATION	2
COMMENTARY OF DIRECTORS	3
SECRETARY'S REPORT	4
INDEPENDENT AUDITORS' REPORT	5 - 6
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 21

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**COMPANY INFORMATION**

		Date of appointment
DIRECTORS	: Jantina Catharina van de Vreede	26 November 2010
	Devananda Naraidoo	14 February 2011
	Sachidananda Payandee Govinda	14 February 2011
	Bhoomija Juwaheer	27 March 2013
	(Alternate to Devananda Naraidoo)	
	Bhoomija Juwaheer	20 January 2015
	(Alternate to Sachidananda Payandee Govinda)	
	Rishal Tanee	16 May 2016
	(Alternate to Sachidananda Payandee Govinda)	
ADMINISTRATOR AND SECRETARY	: Abax Corporate Services Ltd 6 th Floor, Tower A 1 CyberCity Ebene Mauritius	
REGISTERED OFFICE	: C/o Abax Corporate Services Ltd 6 th Floor, Tower A 1 CyberCity Ebene Mauritius	
AUDITORS	: PKF (Mauritius) 5 Duke of Edinburgh Avenue Port Louis Mauritius	
BANKER	: HSBC BANK (Mauritius) Limited 6th Floor, HSBC Centre 18, CyberCity Ebene Reduit 72201 Mauritius	

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

COMMENTARY OF DIRECTORS

The directors present their commentary and the audited financial statements of CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED (the "Company") for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

REVIEW OF BUSINESS

The Company's loss for the year ended 31 December 2015 is **USD 36,300** (2014 - USD 36,256).

The directors do not recommend the payment of a dividend for the year under review (2014 - USD Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

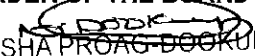
The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PKF (Mauritius), have indicated their willingness to continue in office and will be automatically re-appointed at the next annual meeting.

BY ORDER OF THE BOARD


NISHA PROAG-DOOKUN
FOR
ABAX CORPORATE SERVICES LTD
SECRETARY

19 MAY 2016

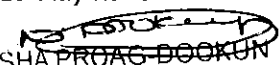
SECRETARY'S CERTIFICATE

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We confirm, as secretary of the Company, that based on records and information made available to us by the Directors and Shareholder of the Company, we have filed all such returns of the Company for the year ended 31 December 2015 with the Registrar of Companies, as required under the Mauritius Companies Act 2001.

Dated 19 May 2016


NISHA PRASAD DOOKUN
FOR
ABAX CORPORATE SERVICES LTD

**ABAX CORPORATE SERVICES LTD
SECRETARY**

The contents of this document are classified as DC2- confidential information

INDEPENDENT AUDITORS' REPORT**TO THE MEMBER OF CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**

This report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Report on the financial statements

We have audited the financial statements set out on pages 7 to 21 which comprise the statement of financial position at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001. These responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 auditors' 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 auditors consider 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBER OF CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**

Opinion

In our opinion, the financial statements on pages 7 to 21 give a true and fair view of the financial position of the Company at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

In accordance with requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

**PKF (MAURITIUS)
PUBLIC ACCOUNTANTS**

Port Louis
Mauritius

Date: 19 May 2016

**MICHAEL V K LO TIAP KWONG FCCA
(Licensed by FRC)**

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 USD	2014 USD
INCOME	-	-
	-----	-----
EXPENSES		
Licence fees	2,130	2,130
Directors' fees	3,500	3,000
Secretarial and domiciliation fees	8,900	9,233
Accountancy and taxation fees	16,070	16,070
Audit fees	4,600	4,370
Administrative expenses	1,000	1,000
Bank charges	100	50
Legal fees	-	403
	-----	-----
	36,300	36,256
	-----	-----
Loss before tax	(36,300)	(36,256)
Income tax expense (Note 5)	-	-
	-----	-----
Loss for the year	(36,300)	(36,256)
	-----	-----
Other comprehensive income	-	-
	-----	-----
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(36,300)	(36,256)
	=====	=====

The notes set out on pages 11 to 21 are an integral part of these financial statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2015

	2015 USD	2014 USD
ASSETS		
Non-current asset		
Investment in associate (Note 6)	4,900	4,900
	-----	-----
Current assets		
Other receivables and prepayments (Note 7)	583,504	619,474
Cash and cash equivalents	1,772	1,872
	-----	-----
	585,276	621,346
	-----	-----
Total assets	590,176	626,246
	=====	=====
EQUITY AND LIABILITIES		
Equity		
Stated capital (Note 8)	10,000	10,000
Retained earnings	569,906	606,206
	-----	-----
Total equity	579,906	616,206
	-----	-----
Liabilities		
Current liability		
Accruals	10,270	10,040
	-----	-----
Total equity and liabilities	590,176	626,246
	=====	=====

Authorised for issue by the Board of directors on 19 MAY 2016
and signed on its behalf by:

Name Devanilda Naraides

Signature

Name Rishal Taneer

Signature

The notes set out on pages 11 to 21 are an integral part of these financial statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Stated capital USD	Retained earnings USD	Total equity USD
At 01 January 2014	10,000	642,462	652,462
Total comprehensive loss for the year	-	(36,256)	(36,256)
	-----	-----	-----
At 31 December 2014	10,000	606,206	616,206
Total comprehensive loss for the year	-	(36,300)	(36,300)
	-----	-----	-----
At 31 December 2015	10,000	569,906	579,906
	=====	=====	=====

The notes set out on pages 11 to 21 are an integral part of these financial statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 USD	2014 USD
Cash flows from operating activities		
Loss before income tax	(36,300)	(36,256)
<i>Adjustment for non-cash item:</i>		
Expenses paid by associate on behalf of the Company (Note 9 (ii))	36,470	35,528
Operating profit/(loss) before working capital changes	170	(728)
Increase in prepayments	(500)	-
Increase in accruals	230	678
Net cash used in operating activities	(100)	(50)
Net decrease in cash and cash equivalents	(100)	(50)
Cash and cash equivalents at beginning of year	1,872	1,922
Cash and cash equivalents at end of year	1,772	1,872

The notes set out on pages 11 to 21 are an integral part of these financial statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****1 GENERAL INFORMATION**

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED (the "Company") is a limited liability company incorporated on the 14th of July 1997 and is domiciled in the Republic of Mauritius. The Company holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by the Financial Services Commission. The Company's registered office is at c/o Abax Corporate Services Ltd, 6th Floor, Tower A, 1 Cybercity, Ebène, Republic of Mauritius.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention except that relevant financial assets and liabilities are stated at fair value, or carried at amortised cost as appropriate.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

Changes in accounting policy and disclosures***(a) New standards or amendments***

The following new standards or amendments became effective as of 1 January 2015:

- Defined Benefits Plans: Employee Contributions (Amendments to IAS 19)
- Annual improvements to IFRSs 2010-2012 Cycle
- Annual improvements to IFRSs 2011-2013 Cycle

None of these standards or amendments has had any impact on the financial statements of the Company for the year ended 31 December 2015, except for those listed below:

Annual improvements to IFRSs 2010-2012 Cycle***IAS 24 Related Party Disclosures***

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The adoption of the amended standard did not have any material impact on the financial statements of the Company except for the additional disclosures required.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Changes in accounting policy and disclosures (continued)**(b) Standards issued but not yet effective*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standards	Effective dates
IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2018
IFRS 14 Regulatory Deferral Accounts	Annual periods beginning on or after 1 January 2016
IFRS 15 Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2018
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	Annual periods beginning on or after 1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	Annual periods beginning on or after 1 January 2016
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	Annual periods beginning on or after 1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	Annual periods beginning on or after 1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Annual periods beginning on or after 1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	Annual periods beginning on or after 1 January 2016
Amendments to IAS 1: Disclosure Initiative	Annual periods beginning on or after 1 January 2016
Annual improvements to IFRSs 2012-2014 Cycle	Annual periods beginning on or after 1 January 2016

None of these standards or amendments is expected to have any material impact on the financial statements of the Company when they become effective, except for those listed below:

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

Amendments to IAS 1: Disclosure Initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application are permitted. The impact on the financial statements of the Company has not yet been assessed.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Foreign currency translation******(a) Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's financial statements are presented in United States Dollar ("USD"), which is the Company's functional and presentation currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of 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 profit or loss and other comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Current and deferred income tax

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

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

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investment in associate

An associate is an entity over which the Company has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted at cost.

Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Equity accounting***

The Company owns 49% of the issued share capital of Celtel (Mauritius) Holdings Limited and has taken advantage of paragraph 17 of International Accounting Standards, IAS 28, Investments in Associates, which dispenses it from the need to equity account its investment in associate as its intermediate parent, Bharti Airtel Africa B.V, incorporated in the Netherlands, prepares consolidated financial statements that comply with International Financial Reporting Standards and which are available for public use. These consolidated financial statements are obtainable at Keizersgracht 62-64, 1015 CS Amsterdam, the Netherlands.

The financial statements are the separate financial statements of the Company and do not equity account the results of the associate.

Financial instruments

Financial instruments carried on to the statement of financial position include other receivables, cash and cash equivalents and accruals. The particular recognition methods adopted are disclosed below:

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Accruals

Accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Stated capital

Ordinary shares are classified as equity.

Impairment of non-financial assets

The carrying amount of assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to the statement of profit or loss and other comprehensive income.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Impairment of financial assets***

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognised in the statement of profit or loss and other comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligation is discharged, cancelled or expires.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Revenue recognition

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method.

Expenses recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accruals basis.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)****3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The directors consider the USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

(a) Market risk

Market risk is the risk that changes market prices, such as foreign exchange rates and interest rates which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Company has no exposure to foreign exchange risk as it does not have any assets or liabilities which are denominated in foreign currencies.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company has no exposure to interest-rate risk as it has no interest-bearing financial assets and liabilities.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (Continued)****(iii) Price risk**

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to price risk at year end.

(b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of cash and cash equivalents and amounts due from related parties, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. The Company manages credit risk by banking with reputable financial institutions and carrying out transactions with related parties, where there is no significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations, associated with its financial liabilities when they fall due. The Company manages liquidity risk through funding from its parent and related parties.

The table summarises the maturity profile of the Company's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments:

	Within one year USD
2015	
Accruals	10,270 =====
2014	
Accruals	10,040 =====

(d) Fair values

The carrying amounts of the other receivables, cash and cash equivalents, and accruals approximate their fair values.

(e) Capital risk management

The Company's objectives when managing capital are to raise sufficient funds for its investing activities and to safeguard the Company's ability to pay its debts as they fall due in order to continue as going concern and provide returns for the shareholder. Capital comprises equity. In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding, sell its investment or vary the amount of dividends or return capital to the shareholder.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) *Financial instruments by category*

	2015	2014
	USD	USD
Financial assets		
<i>Loans and receivables</i>		
Other receivables	579,854	616,324
Cash and cash equivalents	1,772	1,872
	-----	-----
	581,626	618,196
	=====	=====
Financial liabilities		
<i>Other financial liabilities at amortised cost</i>		
Accruals	10,270	10,040
	=====	=====

5 INCOME TAX

The Company is subject to income tax in Mauritius on its net income at 15% (2014 - 15%). However, the Company is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% (2014 - 80%) of the Mauritius tax on its foreign source, thereby giving an effective tax rate of 3% (2014 - 3%). Gains or profits from the sale of units of securities by a company holding a Category 1 Global Business Licence under the Financial Services Act 2007 are exempt in Mauritius.

The foregoing is based on current interpretation and practice and is subject to any future changes in Malagasy or Mauritian tax laws and in the tax treaty between Madagascar and Mauritius. At 31 December 2015, the Company had accumulated tax losses of USD 212,025 (2014 - USD 175,725).

The tax losses are available for set off against future taxable profit of the Company as follows:

Up to the year ending:

	2015	2014
	USD	USD
31 December 2015	40,998	40,998
31 December 2016	29,505	29,505
31 December 2017	33,814	33,814
31 December 2018	35,152	35,152
31 December 2019	36,256	36,256
31 December 2020	36,300	-
	-----	-----
	212,025	175,725
	=====	=====

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

5 INCOME TAX (Continued)

	2015 USD	2014 USD
Loss before tax	(36,300)	(36,256)
Applicable income tax rate @ 15%	(5,445)	(5,438)
Foreign tax credit	4,356	4,350
Deferred income tax not recognised	1,089	1,088
Income tax charge	-	-

Deferred income tax

A deferred income tax asset of **USD 6,361** (2014 - USD 5,272) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

6 INVESTMENT IN ASSOCIATE

	2015 USD	2014 USD
<i>Unquoted investment at cost:</i>		
At beginning and end of the year	4,900	4,900

The investment consists of 49 ordinary shares of USD 100 each representing 49% of the issued share capital of Celtel (Mauritius) Holdings Limited ("CMHL"), an unquoted company incorporated in the Republic of Mauritius. CMHL holds a controlling interest in the issued share capital of Airtel Madagascar SA, a telecommunication company operating a GSM network in the Republic of Madagascar.

The directors have assessed the recoverable amount of the associate and are of the opinion that no impairment provision is required.

7 OTHER RECEIVABLES AND PREPAYMENTS

	2015 USD	2014 USD
Amount due from fellow subsidiaries (Note 9 (i))	361,472	361,472
Amount due from associate (Note 9 (ii))	208,382	244,852
Unpaid share capital	10,000	10,000
Prepayments	3,650	3,150
	583,504	619,474

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

8 STATED CAPITAL

	Number of shares		2015	2014
	2015	2014	USD	USD
<i>Issued and unpaid:</i>				
At 01 January and 31 December	100	100	10,000	10,000
	=====	=====	=====	=====

The share capital consists of 100 ordinary shares with a par value of USD 100 each.

The holder of the ordinary shares has the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share of dividends authorised by the board and the right to an equal share in the distribution of the surplus assets of the Company.

9 RELATED PARTY TRANSACTIONS

During the year under review, the following transactions were carried out with related parties. The nature, volume of transactions and the balances are as follows:

	2015	2014
	USD	USD
<i>(i) Amounts due from fellow subsidiaries</i>		
<i>(a) Société Malgache de Téléphone Cellulaire SA</i>		
At beginning and end of the year	134,089	134,089
	=====	=====
<i>(b) Montana International</i>		
At beginning and end of the year	96,040	96,040
	=====	=====
<i>(c) Bharti Airtel Rwanda Holdings Ltd</i>		
At beginning and end of the year	131,343	131,343
	=====	=====
Total	361,472	361,472
	=====	=====

The amounts due from fellow subsidiaries are unsecured, interest free and receivable on demand.

<i>(ii) Amount due from associate - Celtel (Mauritius) Holdings Limited</i>		
At beginning of the year	244,852	280,380
Expenses paid on behalf of the Company during the year	(36,470)	(35,528)
	-----	-----
At end of the year	208,382	244,852
	=====	=====

The amount due from the associate is unsecured, interest free and receivable on demand.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (CONTINUED)

9 RELATED PARTY TRANSACTIONS (Continued)

	2015	2014
	USD	USD
<i>(iii) Fees to management entity - Abax Corporate Services Ltd</i>		
Fees paid during the year	29,970	28,970
	=====	=====
Fees accrued at end of the year	5,670	5,670
	=====	=====

10 PARENT AND ULTIMATE PARENT

The directors consider Bharti Airtel Madagascar Holdings B.V, incorporated in Netherlands, as the Company's parent and Bharti Airtel Limited, incorporated in India as the Company's ultimate parent.

11 EVENTS AFTER REPORTING DATE

There is no significant event after reporting year which requires disclosure or amendment to the financial statements.