SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

FINANCIAL STATEMENTS

31 DECEMBER 2015

SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

COMPANY INFORMATION

			Date of appointment
DIRECTORS	:	Noro Vololona Rivet	23 December 1997
		Marie Bernadette Lamarque	23 December 1997
		Devananda Naraidoo (Alternate to Noro Vololona Rivet)	14 February 2011
		Sachidananda Payandee Govinda (Alternate to Marie Bernadette Lamarque)	14 February 2011
		Bhoomija Juwaheer (Alternate to Noro Vololona Rivet)	27 March 2013
		Bhoomija Juwaheer (Alternate to Marie Bernadette Lamarque)	20 January 2015
		Rishal Tanee (Alternate to Marie Bernadette Lamarque)	16 May 2016

ADMINISTRATOR AND SECRETARY	:	Abax Corporate Services Ltd 6th Floor, Tower A 1 CyberCity Ebene Mauritius
REGISTERED OFFICE	:	C/o Abax Corporate Services Ltd 6th Floor, Tower A 1 CyberCity Ebene Mauritius
AUDITORS	:	PKF (Mauritius) 5 Duke of Edinburgh Avenue Port Louis Mauritius
BANKER	:	HSBC Bank (Mauritius) Limited 6^{th} Floor, HSBC Centre 18, CyberCity, Ebene Reduit 72201 Mauritius

SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

COMMENTARY OF DIRECTORS

The directors present their commentary and the audited financial statements of SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA (the "Company") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 December 2015 is **USD 28,710** (2014 - USD 28,896).

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 have confirmed 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

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Adding value to global business

SECRETARY'S CERTIFICATE

SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

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 PROAG DOOKUN
FOR
ABAX CORPORATE SERVICES LTD

ABAX CORPORATE SERVICES LTD
SECRETARY

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

PKF
Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

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.

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PKF

Accountants &
business advisers

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBER OF SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

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)

PKF (MAURITIUS)
PUBLIC ACCOUNTANTS

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

Port Louis
Mauritius

Date: 19 May 2016

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SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

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

	2015	2014
	USD	USD
INCOME	-	-
EXPENSES		
Licence and registration fees	**2,130**	2,130
Secretarial and administration fees	**7,300**	7,633
Directors' fees	**4,625**	4,125
Accountancy fees and taxation fees	**10,070**	10,070
Audit fees	**4,485**	4,485
Bank charges	**100**	50
Legal fees	-	403
	28,710	28,896
Loss before tax	**(28,710)**	(28,896)
Income tax expense (Note 5)	-	-
Loss for the year	**(28,710)**	(28,896)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(28,710)**	(28,896)

SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	2015 USD	2014 USD
ASSETS		
Non-current asset		
Investment in associate (Note 6)	**2,494,335**	2,494,335
Current assets		
Other receivables and prepayments (Note 7)	**43,650**	43,150
Cash and cash equivalents	**2,084**	2,184
	45,734	45,334
Total assets	**2,540,069**	2,539,669
EQUITY AND LIABILITIES		
Equity		
Stated capital (Note 8)	**40,000**	40,000
Retained earnings	**2,263,851**	2,292,561
Total equity	**2,303,851**	2,332,561
Liabilities		
Current liability		
Other payables and accrued expenses (Note 9)	**236,218**	207,108
Total equity and liabilities	**2,540,069**	2,539,669

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

Name Devananda Naraidoo **Signature** ....

Name Rishal Taree. **Signature** ....

The notes on pages 11 to 21 form an integral part of the financial statements.

SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

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

	Stated capital USD	Retained earnings USD	Total USD
At 01 January 2014	40,000	2,321,457	2,361,457
Total comprehensive loss for the year	-	(28,896)	(28,896)
At 31 December 2014	**40,000**	**2,292,561**	**2,332,561**
Total comprehensive loss for the year	-	**(28,710)**	**(28,710)**
At 31 December 2015	**40,000**	**2,263,851**	**2,303,851**

The notes on pages 11 to 21 form an integral part of the financial statements.

SOCIETE MALGACHE DE TELEPHONE CELLULAIRE SA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 USD	2014 USD
Cash flows from operating activities		
Loss before income tax	**(28,710)**	(28,896)
Adjustment for non-cash items:		
Expenses paid by other related party on behalf of the Company (Note 10 (ii) (c))	**29,110**	28,253
Operating profit/(loss) before working capital changes	**400**	(643)
Increase in prepayments	**(500)**	-
Increase in accruals	-	593
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	**2,184**	2,234
Cash and cash equivalents at end of year	**2,084**	2,184

The notes on pages 11 to 21 form an integral part of the financial statements.

1 GENERAL INFORMATION

Societe Malgache De Telephone Cellulaire SA (the "Company") is a limited liability company incorporated in Mauritius, holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by 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.

The principal activity of the Company is that of investment holding.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the 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"). 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed 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.

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.

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 financial statements are presented in United States dollar ("USD") which is the Company's functional 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 dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity accounting

The Company owns 35.87% of the issued share capital of Airtel Madagascar S.A, a company incorporated in Madagascar and has taken advantage of paragraph 17 of International Accounting Standard ("IAS") 28, Investments in Associates, which dispenses it from the need to account for the investment in associate under the equity method, 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 the statement of financial position include other receivables, cash and cash equivalents and other payables and accrued expenses. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Other receivables

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Other payables and accrued expenses

Other payables and accrued expenses 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.

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.

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 the amount has been reliably estimated.

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

Expenses are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

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 in market prices, such as foreign exchange rates and interest rates 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 significant exposure to foreign exchange risk as it does not have any financial assets or liabilities, which are denominated in foreign currencies.

(ii) Interest 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 significant exposure to interest-rate risk as it has no interest-bearing financial assets and liabilities.

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 a related party, 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.

The financial assets are neither past due nor impaired as at reporting date.

(c) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash reserves to meet its obligations as they fall due and through financing from related parties.

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

	On demand USD	Within one year USD	Total USD
2015			
Other payables and accrued expenses	**226,763**	**9,455**	**236,218**
2014			
Other payables and accrued expenses	197,653	9,455	207,108

(d) Fair values

The carrying amounts of other receivables, cash and cash equivalents and other payables and accrued expenses 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 parent. 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 parent.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Financial instruments by category

	2015 USD	2014 USD
Financial assets		
Loans and receivables		
Other receivables	**40,000**	40,000
Cash and cash equivalents	**2,084**	2,184
	42,084	42,184
Financial liabilities		
Other financial liabilities at amortised cost		
Other payables and accrued expenses	**236,218**	207,108

5 INCOME TAX

Mauritius

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 income, 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.

Madagascar

The Company invests in Madagascar and the directors expect to obtain benefits under the double taxation treaty between Mauritius and Madagascar. To obtain benefits under the double taxation treaty, the Company must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. A company which is tax resident in Mauritius under the treaty, but has no branch or permanent establishment in Madagascar, is subjected to withholding tax on interest earned in Madagascar at the rate of **10%** (2014 - 10%) and is taxable on dividends earned on Malagasy securities at **10%** (2014 - 10%).

The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws. At 31 December 2015, the Company had accumulated tax losses of **USD 167,992** (2014 - USD 139,282) and is therefore not liable to income tax.

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

Up to the year ending:

	2015 USD	2014 USD
31 December 2015	**27,675**	27,675
31 December 2016	**26,894**	26,894
31 December 2017	**27,935**	27,935
31 December 2018	**27,882**	27,882
31 December 2019	**28,896**	28,896
31 December 2020	**28,710**	-
	167,992	139,282

5 INCOME TAX (CONTINUED)

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.

The reconciliation between the actual income tax rate of the Company of 0.0% (2014 - 0.0%) and the applicable income tax rate of **15%** (2014 - 15%) is as follows:

	2015	2014
	%	%
Applicable income tax rate	**15.00**	15.00
Impact of:		
Foreign tax credit	**(12.00)**	(12.00)
Deferred income tax asset not recognised	**(3.00)**	(3.00)
Actual tax rate	-	-

Deferred income tax

A deferred income tax asset of **USD 5,040** (2014 - USD 4,178) 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	2014
	USD	USD
Unquoted investments at cost:		
At beginning and end of the year	**2,494,335**	2,494,335

Details pertaining to the investment in associate at 31 December 2015 are as follows:

Name of company	**Country of incorporation**	**Number of shares held**	**% Ownership interest**	**USD**
Airtel Madagascar SA	Madagascar	5,318	35.87	2,494,335

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	2014
	USD	USD
Amount due from parent (Note 10 (iii))	**40,000**	40,000
Prepayments	**3,650**	3,150
	43,650	43,150

8 STATED CAPITAL

	2015	2014	2015	2014
	Number of shares			USD
Issued and unpaid:				
Ordinary shares				
At beginning and end of the year	**10,000**	10,000	**10,000**	10,000
"B" shares				
At beginning and end of the year	**30,000**	30,000	**30,000**	30,000
Total	**40,000**	40,000	**40,000**	40,000

The stated capital consists of 10,000 ordinary shares with a par value of USD 1 each and 30,000 "B" shares with a par value of USD 1 each.

The rights of ordinary shares are as follows:

Voting rights

Each ordinary share shall entitle its holder to receive notice of, to attend and vote at any meeting of the company.

Rights relating to dividends

Each ordinary share shall entitle its holder the right of an equal share in dividends as authorised by the board.

Rights relating to repayment of capital

Upon winding-up each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the company.

The rights attached to the "B" shares are as follows:

- one vote per share;
- no entitlement to receive dividend
- ranked pari passu with ordinary shares on repayment of capital on winding-up.

9 OTHER PAYABLES AND ACCRUED EXPENSES

	2015 USD	2014 USD
Amount due to other related parties (Note 10 (ii))	**226,763**	197,653
Accruals	**9,455**	9,455
	236,218	207,108

10 RELATED PARTY TRANSACTIONS

During the year under review, the company entered into transactions with related parties. The nature, volume of transaction and the balances with the related parties are as follows:

	2015 USD	2014 USD
(i) Fees to management entity - Abax Corporate Services Ltd		
Fees paid during the year	**22,495**	21,695
Fees accrued at end of the year	**4,970**	4,970
(ii) Amount due to other related parties		
(a) Channel Sea Management Company (Mauritius) Limited		
At beginning and end of the year	**134,090**	134,090
(b) Bharti Airtel Africa B.V		
At beginning of the year	-	25,310
Repaid by other related party during the year (Note 10 (ii) (c))	-	(25,310)
At end of the year	-	-
(c) Celtel (Mauritius) Holdings Limited		
At beginning of the year	**63,563**	10,000
Advanced during the year (Note 10 (ii) (b))	-	25,310
Expenses paid on behalf of the Company during the year	**29,110**	28,253
At end of the year	**92,673**	63,563
Total amount due to other related parties	**226,763**	197,653

The amount due to other related parties are unsecured, interest free and repayable on demand.

(iii) Amount due from parent - Montana International		
Unpaid share capital	**40,000**	40,000

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

11 PARENT AND ULTIMATE PARENT

The directors consider Montana International, a company incorporated in Mauritius, as the Company's parent and Bharti Airtel Limited, a company incorporated in India as the Company's ultimate parent.

12 EVENTS AFTER REPORTING DATE

There have been no material events after reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2015.