TANZANIA TOWERS LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2017

TANZANIA TOWERS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2017

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CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Airtel House Block 41, Kinondoni Corner of A.H Mwinyi Road & Kawawa Road P.O Box 9623 Dar es Salaam Tanzania
COMPANY SECRETARY	David Lema Airtel House, Block 41 Kinondoni Corner of A.H. Mwinyi Road & Kawawa Road P.O. Box 9623 Dar es Salaam Tanzania
AUDITORS	Deloitte & Touche Certified Public Accountants (Tanzania) 3rd Floor, Aris House Plot 152, Haile Selassie Road P.O. Box 1559 Dar es Salaam Tanzania
BANKER	Standard Chartered Bank Tanzania Limited International House Building Shaaban Robert St. /Garden Avenue P.O. Box 9011 Dar es Salaam Tanzania

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. INTRODUCTION

The Directors submit their report together with the financial statements of Tanzania Towers Limited (the "Company") for the year ended 31 December 2017.

2. INCORPORATION

The Company is incorporated in Tanzania under the Companies Act, 2002 as a private Company limited by share.

3. PRINCIPAL ACTIVITIES

The principal activity of the Company is to establish, operate and maintain wireless communication towers and other related services.

4. RESULTS AND DIVIDEND

The results are set out on page 9 of the financial statements. The Directors do not recommend payment of dividend.

5. FUTURE DEVELOPMENTS

The Company will continue to offer value added services to its customers with help of network development services including site acquisition, zoning and other regulatory approvals, tower construction and antenna installation in Tanzania.

6. DIRECTORS

The Directors of the company at the date of this report, all of whom have served throughout the year, except as otherwise indicated, were:

Name	Occupation	Nationality	Appointment/ (resignation) date
Mr. Sunil Colaso	Managing Director - Airtel Tanzania Plc	Indian	1 April 2013
Mr. Nishant Mohan	Finance Director - Airtel Tanzania Plc	Indian	1 September 2015
Mr. Maharage Ally Chande	Director - Airtel Tanzania Plc	Tanzanian	(23 February 2017)

None of the Directors had any interest in the issued and fully paid up shares of the Company.

7. CORPORATE GOVERNANCE

The Board of Directors ('the Board') takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board delegates the day to day management of the business to Managing Director assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units. Major issues discussed during the meetings are:

- Performance review
- Approval of Annual plans
- Business challenges

8. SHAREHOLDING OF THE COMPANY

The shareholding of the Company as at 31 December 2017 is as stated below:-

Shareholder	% of shareholding	No. of shares	Value (TZS)
Airtel Tanzania PLC	99.9	999	999,000
Jantina Catharina Uneken-Van de Vreed	0.1	1	1,000
	100.0	1000	1,000,000

9. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

i. The effectiveness and efficiency of operations;
ii. The safeguarding of the Company's assets;
iii. Compliance with applicable laws and regulations;
iv. The reliability of accounting records;
v. Business sustainability under normal as well as adverse conditions; and
vi. Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

10. SOLVENCY

The Company's state of affairs as at 31 December 2017 is set out on page 10 of the financial statements. The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

11. GOING CONCERN

During the year ended 31 December 2017, the Company incurred a net loss of TZS 28 million (2016: TZS. 50 million). As at that date, the current liabilities exceeded its current assets by TZS 1,060 million (2016: 1,032 million). The losses and net liability position is due to the fact that the Company is yet to commence its operations and does not have revenue. The Company continue to depend on sources of financing from its direct and indirect parent companies.

The Directors are of the opinion that the Company is a going concern on the basis that the Company:

a) Will continue to generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on management achieving operational targets on subscriber numbers, churn rate and average revenue per user;

b) Will obtain funding from third parties; and

c) The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due. A commitment to this effect from the major shareholder has been obtained by the Company.

The Directors are confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.

12. RELATED PARTY TRANSACTIONS

Details of transactions with related parties are disclosed in note 15 to the financial statements.

13. AUDITORS

Deloitte & Touche, were appointed auditor in 2017 and, having expressed their willingness, continue in office in accordance with section 170(2) of the Company Act, 2002.

Approved by the Board of Directors and signed on its behalf by:

Mr. Sunil Colaso
Director

Mr. Nishant Mohan
Director

16 March 2018

TANZANIA TOWERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs and its operating results for that year. The Act also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Company is yet to start operation and nothing has come to the attention of Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Mr. Sunil Colaso	Mr. Nishant Mohan
Director	**Director**

16 March 2018

TANZANIA TOWERS LIMITED

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the head of finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as set out in the Statement of Directors' Responsibilities on an earlier page.

I, Sylvester Nsabi, being the Finance Manager of Tanzania Towers Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2017 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

....
Signed by: Sylvester Nsabi

Position: Finance Manager
NBAA Registration No.: GA 7014
16th March 2018.

Deloitte.

Deloitte & Touche
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANZANIA TOWERS LIMITED

Report on the Financial Statements

Opinion

We have audited the financial statements of Tanzania Towers Limited (the "Company"), set out on pages 9 to 19, which comprise the statements of financial position at 31 December 2017, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the National Board of Accountant and Auditors (NBAA) Code of Ethics, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 6 to the financial statements which indicates that the Company has incurred a net loss of TZS 28 million (2016: TZS 50 million) for the year ended 31 December 2017 and as of that date the Company's current liabilities exceeded its current assets by TZS 1,060 million (2016: TZS 1,032 million). These conditions, along with other matters set forth in Note 6, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information, including the Report of the Directors. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002; and for such internal controls as directors determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations of the Company, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, based on our audit, that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;

(ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books of account; and

(iii) the statements of financial position (balance sheet) and the statements of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is E.A. Harunani.

Deloitte & Touche
Certified Public Accountants (Tanzania)

Signed by: E. A. Harunani
NBAA Registration No. TACPA 1065
Dar es Salaam

16 March 2018

TANZANIA TOWERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 TZS '000	2016 TZS '000
Revenue		-	-
Other income	7	29,784	-
Operating expenses	8	(31,236)	(24,200)
Operating loss		(1,452)	(24,200)
Finance cost	9	(26,556)	(26,002)
Loss before income tax		(28,008)	(50,202)
Income tax expense	10	-	-
Loss for the year		(28,008)	(50,202)
Other comprehensive income		-	-
Total comprehensive loss for the year, net of tax		(28,008)	(50,202)

TANZANIA TOWERS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 TZS '000	2016 TZS '000
Assets			
Non-current assets			
Intangible assets	11	-	-
Total assets		**-**	**-**
Equity and liabilities			
Equity			
Share capital	12	1,000	1,000
Accumulated loss		(1,060,602)	(1,032,594)
Shareholders deficit		(1,059,602)	(1,031,594)
Current liabilities			
Intercompany loan	13	1,021,573	971,469
Other payables	14	38,029	60,125
Total liabilities		1,059,602	1,031,594
Total equity and liabilities		**-**	**-**

The financial statements on page 9 to 19 were approved and authorised for issue by the Board of Directors on ..16 March...... 2018 signed on its behalf by:

Mr. Sunil Colaso
Director

16 March 2018

Mr. Nishant Mohan
Director

TANZANIA TOWERS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital TZS '000	Accumulated loss TZS '000	Total TZS '000
At 1 January 2017	1,000	(1,032,594)	(1,031,594)
Total comprehensinve loss for the year	-	(28,008)	(28,008)
At 31 December 2017	1,000	(1,060,602)	(1,059,602)
At 1 January 2016	1,000	(982,393)	(981,393)
Total comprehensive loss for the year	-	(50,202)	(50,202)
At 31 December 2016	1,000	(1,032,594)	(1031,594)

TANZANIA TOWERS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 TZS '000	2016 TZS '000
Cash flows from operating activities			
Loss before tax		(28,008)	(50,202)
Adjustments for:			
Interest expenses		23,900	23,401
Unrealized exchange loss on intercompany Loan		23,815	8,643
Unrealized exchange loss on accrued interest		2,389	581,526
Cash flow generated from/(used in) operating activities before working capital		22,096	(17,576)
Increase/(decrease) in other payables		(22,096)	17,576
Net cash flow from operating activities		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1. CORPORATE INFORMATION

Tanzania Towers Limited (the Company) is a limited liability company incorporated and domiciled in Tanzania. The registered office of the Company is located at Airtel House, in Dar es Salaam.

The principal activities of the Company are to establish, operate and maintain wireless communication towers and other related services.

2. STANDARDS AND INTERPRETATIONS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION

Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002.

For the Companies Act, 2002 reporting purposes, in these financial statements, the statement of financial position represents the balance sheet and the profit and loss account is presented in the financial statements as statement of comprehensive income.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

a) Adoption of new and revised International Financial reporting standards and interpretations

None of the new and revised standards and interpretations, which became effective during the current year, have resulted in a change in the Company's accounting policies or in presentation. Neither have they had an effect on the reported results for the year.

b) Relevant new and amended standards and interpretations issued but not yet effective in the year ended 31 December 2017

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective. The Directors are in the process of evaluating the potential effect of these standards and interpretation on the financial statements of the Company when effective.

c) Early adoption of standards

The Company did not early adopt any new or amended standards for the year ended 31 December 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared on historical cost basis, except where stated otherwise. The financial statements are presented in Tanzania Shillings ("TZS"), rounded to the nearest thousands.

(b) Foreign currency translation

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 Company operates ("the functional currency"). The financial statements are presented in Tanzania Shillings, rounded to the nearest thousand which is the Company's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in Tanzanian Shillings using rates of exchange ruling at the dates of the transaction. Foreign exchange gains/losses resulting from the settlement of such transactions and from translations at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets

Intangible assets comprise of a license for provision of National Network Facilities. Acquired licences are measured on initial recognition at cost. Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of licence over the licence period of 25 years.

Intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible asset is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss recognised in profit or loss.

(d) Tax

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(e) Financial instruments

Initial recognition and measurements

Financial assets and financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement of financial assets

For the purposes of measurement after initial recognition, financial assets are classified in accordance with the various categories in IAS 39.

Subsequent measurement of financial liabilities

The Company's financial liabilities include loan from related parties and other payables, and their subsequent measurement is as follows: -

Other payables and loan from related parties

Financial liabilities that are of short duration with no stated interest rate are measured at original invoice amount.

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised costs using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Other payables and loan from related parties (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

De-recognition of financial instruments

Financial assets
A financial asset is derecognised when the rights to receive cash from the asset have expired, or the Company has transferred it right to receive cash flows from the asset and the transfer qualifies for de-recognition.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The most significant uses of judgment, assumptions and estimates are as follows:

Going Concern

The Directors have exercised significant judgment in assessing the Company's going concern status. Refer to Note 6 for further details.

Taxation

The Company is subjected to a number of taxes and levies by various Government and quasi-government regulations bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with at most care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous; such differences will affect the income and liabilities in the period in which such differences are determined.

Impairment of intangible asset

In the process of applying the Company's accounting policies, management has made judgements in determining whether the intangible asset is impaired or note.

5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including credit risk, the effects of foreign currency exchange rate and interest rate. The Company's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks. Risk management is carried out by the Finance Department under policies approved by the Company's Treasury department.

Foreign exchange risk
The Company's exposure to foreign exchange risk arises from imports of network equipment that are quoted in foreign currency. The Company is not employing any means of hedging against foreign currency risk but mitigate the risk by making prompt payment and buying foreign currencies whenever the rates moves in its favour. Furthermore, currency exposure arising from liabilities denominated in foreign currencies is managed primarily through holding of certain bank balances in the relevant foreign currencies.

Credit risk
Credit risk is the risk that one party to financial instrument will fail to discharge an obligation causing the other party to incur financial loss. The Company did not have any financial assets as at 31 December 2017.

Interest rate risk
The Company's income and operating cash flows are substantially independent of changes in interest rates. The Company has interest bearing liabilities due to related parties but these carry fixed interest rates and are measured at amortised cost.

Liquidity risk
Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 3 months TZS' 000	Between 3 and 12 months TZS' 000	Total TZS' 000
At 31 December 2017			
Other payables	38,029	-	38,029
Due to related parties	-	1,021,573	1,021,573
	38,029	1,021,573	1,059,602
At 31 December 2016			
Other payables	60,125	-	60,125
Due to related parties	-	971,469	971,469
	60,125	971,469	1,031,594

Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

6. GOING CONCERN

During the year ended 31 December 2017, the Company incurred a net loss of TZS 28 million (2016: TZS. 50 million). As at that date, the current liabilities exceeded its current assets by TZS 1,060 million (2016: 1,032 million). The losses and net liability position is due to the fact that the Company is yet to commence its operations and does not have revenue. The Company continue to depend on sources of financing from its direct and indirect parent companies.

The Directors are of the opinion that the Company is going concern on the basis that the Company:

a) Will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on management achieving operational targets on subscriber numbers, churn rate and average revenue per user;

b) Will obtain funding from third parties; and

c) The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due. A commitment to this effect from the major shareholder has been obtained by the Company.

The Directors are confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.

	2017 TZS '000	2016 TZS '000
7. OTHER INCOME		
Reversal of unutilised accruals:		
Consultancy fees	29,784	-

The Company has no revenue since it has not started operations

	2017 TZS '000	2016 TZS '000
8. OPERATING EXPENSES		
Auditors' remuneration	11,002	14,613
Foreign exchange loss	20,234	9,587
	31,236	24,200
9. FINANCE COST		
Interest expenses	26,556	26,002

10. TAXATION

The Company has accumulated tax losses amounting to TZS 1,060 million. As such, no current income tax has been recognised. The corresponding deferred income tax asset estimated at TZS 317.7 million has not been recognised because, as at the reporting date, there was no convincing evidence that future taxable profits will be available against which the deferred income tax asset can be utilised.

	2017 TZS '000	2016 TZS '000

11. INTANGIBLE ASSET - LICENCE

	2017 TZS '000	2016 TZS '000
Cost		
At 1 January and 31 December	634,000	634,000
Amortisation and impairment		
At 1 January and 31 December	634,000	634,000
Net Book Value	-	-

Before 5 September 2017, the company held National Network facilities licence issued by Tanzania communication regulatory authority back in 2013. Due to failure to roll out its operations as per the licence conditions, the company resolved to and actually surrendered the licence on 5 September 2017.

12. SHARE CAPITAL

	2017 TZS '000	2016 TZS '000
Authorised, issued and fully paid up		
1,000 ordinary shares of TZS 1,000 each	1,000	1,000

13. INTERCOMPANY LOAN

The Company took an intercompany loan of US$ 405,000 from Africa Towers N.V to acquire the license from Tanzania Communication Regulatory Authority. The loan attracts interest of 2.6% per annum. Below is the Loan balance and interest accrued there on. Balance outstanding at the reporting date is set out below:

	2017 TZS '000	2016 TZS '000
Africa Towers N.V.	907,120	883,305
Interest accrued	114,453	88,164
	1,021,573	**971,469**

14. OTHER PAYABLES

	2017 TZS '000	2016 TZS '000
Withholding tax payable	11,091	8,436
Accruals - audit fee	26,938	51,689
	38,029	**60,125**

15. RELATED PARTY DISCLOSURES

Related party relationships exist between the Company, its shareholders, other companies under common ownership and the Directors of the Company.

Loan balance with related party is disclosed in note 14.

16. COMMITMENTS

The Company had no commitments as at 31 December 2017 (2016: Nil).

17. ULTIMATED HOLDING COMPANY

The Company is owned and controlled by Airtel Tanzania PLC. The holding Company is Bharti Airtel International (Netherlands) BV.

18. EVENTS SUBSEQUENT TO THE YEAR END

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.