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<th>Page</th>
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## Financial statements:

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</tr>
</tbody>
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TANZANIA TOWERS LIMITED

GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Airtel House
Corner of A.H Mwinyi Road & Kawawa Road
P.O Box 9623
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

COMPANY SECRETARY
David Marco Lema
Airtel House,
Corner of A.H. Mwinyi Road & Kawawa Road
P.O. Box 9623
Dar es Salaam
Tanzania

COMPANY AUDITORS
Ernst & Young
TanHouse Towers (4th Floor),
Plot 34/1 Ursino South
New Bagamoyo Road
P. O. Box 2475
Dar es Salaam
Tanzania
TANZANIA TOWERS LIMITED

DIRECTORS’ REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

1. INTRODUCTION
The Directors submit their report together with the audited financial statements of Tanzania Towers Limited (the "Company") for the year ended 31 December 2016.

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 8 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Occupation</th>
<th>Nationality</th>
<th>Appointment/ (resignation) date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunil Colaso</td>
<td>Managing Director – Airtel Tanzania Limited</td>
<td>Indian</td>
<td>01 April 2013</td>
</tr>
<tr>
<td>Nishant Mohan</td>
<td>Finance Director – Airtel Tanzania Limited</td>
<td>Indian</td>
<td>01 September 2015</td>
</tr>
<tr>
<td>Maharage Ally Chande</td>
<td>Director – Airtel Tanzania Limited</td>
<td>Tanzanian</td>
<td>(23 February 2017)</td>
</tr>
</tbody>
</table>

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

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

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 is required to meet at least four times a year (once every quarter). 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 2016 is as stated below:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>% of shareholding</th>
<th>No. of shares</th>
<th>Value (TZS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel Tanzania Limited</td>
<td>99.9</td>
<td>999</td>
<td>999,000</td>
</tr>
<tr>
<td>Jantina Catharina Uneken-Van de Vred</td>
<td>0.1</td>
<td>1</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>1000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

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.
TANZANIA TOWERS LIMITED

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

9. RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

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 2016 is set out on page 11 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

The Company realized a net loss of TZS 50.2 million during the year ended 31 December 2016 (2015: profit of TZS 617.5.3 million) but, as at that date current liabilities exceeded its current assets by TZS 1,031.6 million (2015: current liabilities exceeded current assets by TZS 981.4 million). The losses and net liability position is due to the fact that the Company is yet to commence its operation and does not have revenue. The company continue to depend on sources of financing from its direct and indirect parent companies. These conditions may result in Company's inability to realise its assets and discharge its liabilities in the normal course of business, consequently it may not able to maintain its going concern status.

The directors are of the opinion that the company is going concern on the basis that 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 shareholders 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. AUDITORS

The auditor, Ernst & Young, has expressed willingness to continue in office and is eligible for re-appointment.

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

SUNIL COLASO
Name

NISHANT MOLHAN
Name

DIRECTOR
Title

DIRECTOR
Title

Signature

Signature

4
TANZANIA TOWERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2016

The Companies Act, 2002 of Tanzania requires the directors to prepare financial statements for each financial year, which present fairly, the state of financial affairs of the Company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the company keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for the designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual 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 the requirements of the Companies Act, 2002 of Tanzania. The directors are of the opinion that the financial statements present fairly 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 directors have reasonable expectation that Company will have adequate resources to continue in operational existence for the foreseeable future. If necessary, the holding parent company will provide financial support to enable the Company meet obligations as and when they fall due.

[Signatures and names]

Date 20th April 2017
TANZANIA TOWERS LIMITED

DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

The National Board of Accountants and Auditors (NBAA) according to the powers conferred to it 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 a true and fair view of the entity's position and performance in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, CAP 212 Act No. 12 of 2002. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I Nishant Mohan, being the Head of Finance of Tanzania Towers Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2016 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the financial statements give a true and fair view of the financial position and results of Tanzania Towers Limited as on that date and for the year then ended, and that the financial statements have been prepared based on properly maintained financial records.

Signed by: 

Position: Finance Director

NBAA Membership No.: TACP 2939

Date: 25th April 2017.
INDEPENDENT AUDITOR'S REPORT
To the shareholders of TANZANIA TOWERS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tanzania Towers Limited ('the Company') set out on pages 11 to 27, which comprise the statement of financial position as at 31 December 2016, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Towers Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

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 International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the 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 and the IESBA Code.

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

Material Uncertainty Related to Going Concern

We draw attention to note 2.3 in the financial statements, which indicates that the Company incurred a net loss of TZS 35.6 million respectively during the year ended 31 December 2016 and, as of that date, the Company’s current liabilities exceeded its current assets by TZS 1,016.9 million. As stated in note 2.3, these events or conditions, along with other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information included in the Company’s 2016 Directors’ Report

The other information comprises the Directors’ Report as required by the Companies Act, 2002 of Tanzania. The other information does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.
INDEPENDENT AUDITOR'S REPORT (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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, 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 and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of 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, or have no realistic alternative but to do so.

The directors 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 company's internal control.
INDEPENDENT AUDITOR'S REPORT (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

• 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.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
INDEPENDENT AUDITOR'S REPORT (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes.

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and,
- The company's statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.

Ernst & Young
Certified Public Accountants
Dar es Salaam

Signed by: Neema Kiure-Mssusa (Partner)

Date: 25/04/2017
<table>
<thead>
<tr>
<th>Notes</th>
<th>2016 TZS '000'</th>
<th>2015 TZS '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>6</td>
<td>(24,200)</td>
</tr>
<tr>
<td>Amortisation</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Operating (Loss) / Profit</td>
<td></td>
<td>(24,200)</td>
</tr>
<tr>
<td>Finance expense</td>
<td>8</td>
<td>(26,002)</td>
</tr>
<tr>
<td>(Loss) /Profit before income tax</td>
<td></td>
<td>(50,202)</td>
</tr>
<tr>
<td>Income tax</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>(Loss)/ Profit / for the year</td>
<td></td>
<td>(50,202)</td>
</tr>
<tr>
<td>Other comprehensive income net of tax</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income / (loss) for the year, net of tax</td>
<td></td>
<td>(50,202)</td>
</tr>
</tbody>
</table>
TANZANIA TOWERS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 TZS '000'</th>
<th>2015 TZS '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets  10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short term deposits 11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital 12</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Accumulated loss</td>
<td>(1,032,594)</td>
<td>(982,393)</td>
</tr>
<tr>
<td></td>
<td>(1,031,594)</td>
<td>(981,393)</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payable 14</td>
<td>60,125</td>
<td>42,550</td>
</tr>
<tr>
<td>Intercompany Loan 13</td>
<td>971,469</td>
<td>938,843</td>
</tr>
<tr>
<td></td>
<td>1,031,594</td>
<td>981,393</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

These financial statements were authorised for issue on 25th April 2017 in accordance with a resolution of the Board of Directors and signed on its behalf by:

Sunil Colaco
Name
Title
Signature

Nishant Mottan
Name
Title
Signature
TANZANIA TOWERS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

<table>
<thead>
<tr>
<th></th>
<th>Share capital TZS '000'</th>
<th>Retained earnings TZS '000'</th>
<th>Total TZS '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 01 January 2016</td>
<td>1,000</td>
<td>(982,393)</td>
<td>(981,393)</td>
</tr>
<tr>
<td>Loss for the year</td>
<td>-</td>
<td>(50,202)</td>
<td>(50,202)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income, net of tax</td>
<td>-</td>
<td>(50,202)</td>
<td>(50,202)</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>1,000</td>
<td>(1,032,594)</td>
<td>(1,031,594)</td>
</tr>
<tr>
<td>At 01 January 2015</td>
<td>1,000</td>
<td>(1,599,934)</td>
<td>(1,598,934)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>617,541</td>
<td>617,541</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income, net of tax</td>
<td>-</td>
<td>617,541</td>
<td>617,541</td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td>1,000</td>
<td>(982,393)</td>
<td>(981,393)</td>
</tr>
</tbody>
</table>
TANZANIA TOWERS LIMITED

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016 TZS '000'</th>
<th>2015 TZS '000'</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(50,202)</td>
</tr>
</tbody>
</table>

Operating activities

(Loss) / Profit before tax

Adjustments to reconcile profit /(loss) before tax to net cash flows:

Amortization of intangible asset 7 - -
Impairment of intangible asset 7 - -

Working capital adjustments:

Increase in other payable (50,202) (617,749)

Increase in due to related parties - -

Cash flow from operating activities - (208)

Income tax - -

Net cash used in operating activities - (208)

Investing activities

Purchase of property, plant and equipment - -

Financing activities

Net cash flows from financing activities - -

Net decrease in Cash and short term deposits - (208)

Cash and cash equivalent at 1 January 2016 - 208

Cash and cash equivalent at 31 December - -
TANZANIA TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

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. SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

2.2 Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the requirements of the Companies Act, 2002 of Tanzania.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.3 Going concern

The Company incurred a loss of TZS 50.2 million during the year ended 31 December 2016 (2015: profit of TZS 617.5.3 million) and as at that date current liabilities exceeded its current assets by TZS 1,031.6 million (2015: current liabilities exceeded current assets by TZS 981.4 million). The losses and net liability position is due to the fact that the Company is yet to commence its operation and does not have revenue. The company continue to depend on sources of financing from its direct and indirect parent companies. These conditions may result in Company’s inability to realise its assets and discharge its liabilities in the normal course of business, consequently it may not able to maintain its going concern status.

The directors are of the opinion that the company is going concern on the basis that 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 shareholders 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary Of Significant Accounting Policies

(a) 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.

(b) 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.

(c) 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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.
TANZANIA TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary Of Significant Accounting Policies (Continued)

(d) 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. The Company's financial assets include cash and short-term deposits and subsequent measurement is as follows:-

Cash and short term deposits
Cash and short term deposits comprise bank balances with an original maturity of three months or less. Bank balances are subsequently measured at amortised costs using the effective interest method.

For the purpose of the statement of cash flows, Cash and short term deposits comprise of cash in hand and at bank as defined above.

Subsequent measurement of financial liabilities

The Company’s financial liabilities include amounts due to related parties and other payables, and their subsequent measurement is as follows:-

Other payables and amounts due to 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.

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.
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary Of Significant Accounting Policies (Continued)

(d) Financial instruments (continued)

De-recognition of financial instruments (continued)

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.

2.5 Changes in accounting policies and disclosures

a) New and revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Company has not early adopted any other standard, interpretation or amendments that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual financial statements of the Company.

The following new and amended standards and interpretations that became effective during the year did not have any impact on the accounting policies, financial position or performance of the Company respectively:

a) IFRS 14 Regulatory Deferral Accounts
b) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
c) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
d) Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
e) Amendments to IAS 27: Equity Method in Separate Financial Statements
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Changes in accounting policies and disclosures (Continued)

New and revised standards and interpretations (Continued)

f) Annual Improvements 2012-2014 Cycle:
   • IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
   • IFRS 7 Financial Instruments: Disclosures
   • IAS 19 Employee Benefits
   • IAS 34 Interim Financial Reporting
   • Amendments to IAS 1 Disclosure Initiative

b) Standards issued but not yet effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. During 2015, the Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its statements of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Changes in accounting policies and disclosures (Continued)

Standards issued but not yet effective (Continued)

The Company plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Company performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Company is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. The Company is still assessing the impact the new standard will have on its revenue.

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Company's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016 the Company developed and started testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Amendments to IAS 7 statements of cash flows

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Company.

IFRS 16 Leases

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The key features of the new standard are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Changes in accounting policies and disclosures (Continued)

Standards issued but not yet effective (Continued)

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The new standard's transition provisions permit certain reliefs.

The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17. The impact of the new standard is being assessed by the Company.

Other standards issued but not yet effective

The following new and amended standards are not expected to have an impact on the financial statements of the Company:

a) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
b) IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
c) IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The following standards and interpretations have been issued or revised but were not yet effective for financial year ended 31 December 2016

- IFRS 9 Financial Instruments (Effective 1 January 2018)
- IFRS 15: Revenue from Contracts with Customers (Effective 1 January 2018)
- IFRS 9: Financial instruments (Effective 1 January 2018)
- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 7 Consolidated and separate statements of cash flows (Effective 1 January 2017)
- IFRS 16 Leases - The new standard is effective for annual periods beginning on or after 1 January 2019

Improvement project

Below is a summary of the improvements issued by December 2016 but were not yet effective for the financial year ended 31 December 2016:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
TANZANIA TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

3. 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 2.3 for further details.

Deferred tax assets
Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Refer to note 9 for further details.

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 not. Refer to note 10 for further details.

4. 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. Financial assets, which potentially subject the Company to credit risk, consist mainly of cash at bank, deposits held by banks as well as trade and other receivables. The Company manages the risk by banking with high credit rating financial institutions. Credit risk with respect to accounts receivables is limited due to thorough scrutiny before offering the service, barring from service when the debts become doubtful and using experienced collection agencies.
4. FINANCIAL RISK MANAGEMENT (Continued)

The amount that best represents the Company’s maximum exposure to credit risk at 31 December 2016 is made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>TZS’ 000</td>
<td>TZS’ 000</td>
<td></td>
</tr>
<tr>
<td>Cash at bank and deposits (note 11)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

No collateral is held for any of the above assets. The above assets are neither past due or impaired.

**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.

<table>
<thead>
<tr>
<th></th>
<th>Less than 3 months</th>
<th>Between 3 and 12 months</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TZS’ 000’</td>
<td>TZS’ 000’</td>
<td>TZS’ 000’</td>
<td>TZS’ 000’</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payable</td>
<td>60,125</td>
<td>-</td>
<td>60,125</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>971,469</td>
<td>971,469</td>
</tr>
<tr>
<td></td>
<td>60,125</td>
<td>971,469</td>
<td>1,031,594</td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payable</td>
<td>42,550</td>
<td>-</td>
<td>42,550</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>938,843</td>
<td>938,843</td>
</tr>
<tr>
<td></td>
<td>42,550</td>
<td>938,843</td>
<td>981,393</td>
</tr>
</tbody>
</table>

**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.
TANZANIA TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

4. FINANCIAL RISK MANAGEMENT (Continued)
Capital risk management (continued)

5 OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reversal of unutilised accruals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultancy fees</td>
<td>-</td>
<td>842,899</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>842,899</td>
</tr>
</tbody>
</table>

The Company has no revenue since it has not started operations.

6 OTHER EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and professional charges</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>14,613</td>
<td>9,999</td>
</tr>
<tr>
<td>Staff recruitment expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>217</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>9,587</td>
<td>191,432</td>
</tr>
<tr>
<td></td>
<td>24,200</td>
<td>201,648</td>
</tr>
</tbody>
</table>

7 AMORTISATION & IMPAIRMENT

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortisation charge</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of license</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There was no amortisation charged during the year as the Company has fully impaired its intangible asset (license) since 2014.

8 NET FINANCE COST

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expenses – IC loan (Note 13)</td>
<td>26,002</td>
<td>23,710</td>
</tr>
<tr>
<td>Net Finance cost</td>
<td>26,002</td>
<td>23,710</td>
</tr>
</tbody>
</table>

9 TAXATION

The Company has accumulated tax losses amounting to TZS 1,032.6 million. As such, no current income tax has been recognised. The corresponding deferred income tax asset estimated at TZS 305.4 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.
10 INTANGIBLE ASSET - LICENCE

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TZS '000'</td>
<td>TZS '000'</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>634,000</td>
<td>634,000</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December</td>
<td>634,000</td>
<td>634,000</td>
</tr>
<tr>
<td>Amortisation and impairment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>634,000</td>
<td>634,000</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment charge</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December</td>
<td>634,000</td>
<td>634,000</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Tanzania Communications Regulatory Authority (TCRA) issued a licence to the Company on 25 April 2013 for provision of National Network Facilities. The licence is for a period of 25 years effective from the date of issuance. The Company paid USD 5,000 as application fees and USD 400,000 as initial licence fees. The Company is also required to pay 0.8% of the annual gross turnover as royalty fees.

Regulation 29(1)-(3) of *The Electronic and Postal Communications (Licensing) Regulation of 2011* of The Electronic and Postal Communications Act (CAP.306) requires that the licensee should provide services for which such a licence is granted within 12 months from the time the licences is granted. If not, the licensee should file for extension of a maximum period of 12 months and failure to which the license shall be revoked. The Company has not yet started provision of services and no request for extending the licence was submitted. The carrying amount of the licence was therefore fully impaired in 2014.

11 CASH AND SHORT TERM DEPOSITS

Bank balances

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12 SHARE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Authorised:*
1,000 ordinary shares of TZS 1,000 each

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Issued and fully paid up:*
1,000 ordinary shares of TZS 1,000 each

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

26
TANZANIA TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

13 Intercompany Loan

Tanzania Towers took an intercompany loan of $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.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TZS '000'</td>
<td>TZS '000'</td>
</tr>
<tr>
<td>Africa Towers N.V.</td>
<td>883,305</td>
<td>874,662</td>
</tr>
<tr>
<td>Interest accrued</td>
<td>88,164</td>
<td>64,181</td>
</tr>
<tr>
<td></td>
<td>971,469</td>
<td>938,843</td>
</tr>
</tbody>
</table>

14 OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TZS '000'</td>
<td>TZS '000'</td>
</tr>
<tr>
<td>Withholding tax payable</td>
<td>8,436</td>
<td>5,836</td>
</tr>
<tr>
<td>Accruals –audit fee</td>
<td>51,689</td>
<td>36,714</td>
</tr>
<tr>
<td></td>
<td>60,125</td>
<td>42,550</td>
</tr>
</tbody>
</table>

15 RELATED PARTY DISCLOSURES

The Company is owned and controlled by Airtel Tanzania Limited. The holding Company is Bharti Airtel International (Netherlands) BV. There are other companies that are related to Tanzania Towers Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TZS '000'</td>
<td>TZS '000'</td>
</tr>
<tr>
<td>Africa Towers N.V.</td>
<td>883,305</td>
<td>874,662</td>
</tr>
<tr>
<td>Interest accrued</td>
<td>88,164</td>
<td>64,181</td>
</tr>
<tr>
<td></td>
<td>971,469</td>
<td>938,843</td>
</tr>
</tbody>
</table>

16. EVENTS AFTER THE REPORTING DATE

There are no material events after the reporting date that require disclosures in or adjustment to the financial statements.