



**VODAFONE QATAR Q.S.C.**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE SIX MONTH PERIOD ENDED  
30 SEPTEMBER 2015**

**VODAFONE QATAR Q.S.C.**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015**

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**Independent auditor's report on review of interim condensed financial statements  
to the Shareholders of Vodafone Qatar Q.S.C.**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Vodafone Qatar Q.S.C ("the Company") as at 30 September 2015 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS) 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to form a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as issued by the IASB.

A handwritten signature in blue ink, appearing to read 'Mohamed Elmoataz', enclosed within a blue oval.

Mohamed Elmoataz,  
**PricewaterhouseCoopers - Qatar Branch**

Auditor's registration number 281  
Doha, 11 November 2015

**VODAFONE QATAR Q.S.C.**
**INTERIM CONDENSED STATEMENT OF INCOME**  
**For the six month period ended 30 September 2015**


	Notes	<b>Six months ended 30 September</b>	
		<b>2015</b>	<b>2014</b>
		<b>(Reviewed) QR'000</b>	<b>(Reviewed) QR'000</b>
Revenue	4	1,065,995	1,144,004
Interconnection and other operational expenses		(477,443)	(499,331)
Employee expenses		(114,300)	(106,748)
Other expenses		(263,458)	(242,968)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>210,794</b>	<b>294,957</b>
Depreciation		(136,997)	(107,723)
Amortisation		(260,497)	(258,659)
(Loss) / profit on disposal of property, plant and equipment		(17,996)	400
<b>Operating loss</b>		<b>(204,696)</b>	<b>(71,025)</b>
Interest income		-	65
Profit from mudaraba		44	-
Interest expense		-	(9,996)
Wakala financing cost		(8,841)	-
<b>Loss before income tax</b>		<b>(213,493)</b>	<b>(80,956)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(213,493)</b>	<b>(80,956)</b>
<b>Basic and diluted loss per share (in QR per share)</b>	5	<b>(0.25)</b>	<b>(0.10)</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**VODAFONE QATAR Q.S.C.****INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
For the six month period ended 30 September 2015

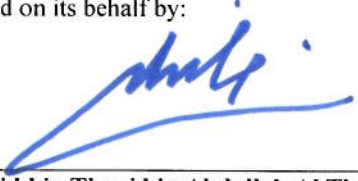
	<b>Six months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Reviewed) QR'000</b>	<b>(Reviewed) QR'000</b>
Loss for the period	<b>(213,493)</b>	<b>(80,956)</b>
<b>Other comprehensive loss</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Net movement in fair value of cash flow hedges during the period	<b>(641)</b>	<b>(2,975)</b>
<b>Total comprehensive loss for the period</b>	<b>(214,134)</b>	<b>(83,931)</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**VODAFONE QATAR Q.S.C.**
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2015**


	Notes	30 September 2015	31 March 2015
		(Reviewed) QR'000	(Audited) QR'000
<b>Non-current assets</b>			
Property, plant and equipment	6	1,238,189	1,321,861
Intangible assets	7	5,454,656	5,708,627
Trade and other receivables		35,045	21,467
<b>Total non-current assets</b>		<b>6,727,890</b>	<b>7,051,955</b>
<b>Current assets</b>			
Inventories		10,132	26,545
Trade and other receivables		442,885	214,397
Cash and cash equivalents		114,344	151,092
<b>Total current assets</b>		<b>567,361</b>	<b>392,034</b>
<b>Total assets</b>		<b>7,295,251</b>	<b>7,443,989</b>
<b>Equity</b>			
Share capital		8,454,000	8,454,000
Legal reserve		28,727	28,727
Hedging reserve	8	(641)	-
Distributable profits		7,169	184,703
Accumulated losses		(3,314,718)	(3,101,225)
<b>Total equity</b>		<b>5,174,537</b>	<b>5,566,205</b>
<b>Non-current liabilities</b>			
Wakala liabilities		1,027,712	909,169
Provisions	10	46,756	43,212
Trade and other payables		44,999	40,477
<b>Total non-current liabilities</b>		<b>1,119,467</b>	<b>992,858</b>
<b>Current liability</b>			
Trade and other payables		1,001,247	884,926
<b>Total current liability</b>		<b>1,001,247</b>	<b>884,926</b>
<b>Total liabilities</b>		<b>2,120,714</b>	<b>1,877,784</b>
<b>Total equity and liabilities</b>		<b>7,295,251</b>	<b>7,443,989</b>

The interim condensed financial statements were approved by the Board of Directors on 11 November 2015 and were signed on its behalf by:

  
**Dr. Khalid bin Thani bin Abdullah Al Thani**  
Chairman

  
**Kyle David Whitehill**  
Chief Executive Officer

  
**Stephen Charles Walters**  
Chief Financial Officer

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.



# **VODAFONE QATAR Q.S.C.**



## **INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY** For the six month period ended 30 September 2015

	Share capital	Legal reserve	Hedging reserve	Distributable profits	Accumulated losses	Total equity
	QR'000					
Balance at 1 April 2014 (Audited)	8,454,000	19,382	-	150,864	(2,698,488)	5,925,758
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(80,956)	(80,956)
<i>Other comprehensive income:</i>						
Net movement in fair value of cash flow hedges	-	-	(2,975)	-	-	(2,975)
Total comprehensive loss for the period	-	-	(2,975)	-	(80,956)	(83,931)
Dividend declared for the year ended 31 March 2014	-	-	-	(143,718)	-	(143,718)
Transfer to distributable profits (note 9)	-	-	-	120,412	(120,412)	-
Transfer to legal reserve (note 9)	-	6,021	-	(6,021)	-	-
Balance at 30 September 2014 (Reviewed)	8,454,000	25,403	(2,975)	121,537	(2,899,856)	5,698,109
<b>Balance at 1 April 2015 (Audited)</b>	<b>8,454,000</b>	<b>28,727</b>	<b>-</b>	<b>184,703</b>	<b>(3,101,225)</b>	<b>5,566,205</b>
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(213,493)	(213,493)
<i>Other comprehensive income:</i>						
Net movement in fair value of cash flow hedges	-	-	(641)	-	-	(641)
Total comprehensive loss for the period	-	-	(641)	-	(213,493)	(214,134)
Dividend declared for the year ended 31 March 2015	-	-	-	(177,534)	-	(177,534)
<b>Balance at 30 September 2015 (Reviewed)</b>	<b>8,454,000</b>	<b>28,727</b>	<b>(641)</b>	<b>7,169</b>	<b>(3,314,718)</b>	<b>5,174,537</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements

	Notes	Six months ended 30 September	
		2015	2014
		(Reviewed) QR'000	(Reviewed) QR'000
<b>Net cash flows from operating activities</b>	11	<u>66,254</u>	<u>343,963</u>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment (net)		(38,376)	(167,781)
Purchase of intangible assets		(6,526)	(50,579)
Proceeds from disposal of property, plant and equipment		-	400
Interest received		-	65
Profit from mudaraba received		44	-
<b>Net cash flows used in investing activities</b>		<u>(44,858)</u>	<u>(217,895)</u>
<b>Cash flows used in financing activities</b>			
Proceeds from long term borrowings (net)		-	66,544
Proceeds from wakala financing (net)		109,702	-
Dividend paid		(167,846)	(127,150)
<b>Net cash flows used in financing activities</b>		<u>(58,144)</u>	<u>(60,606)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(36,748)</u>	<u>65,462</u>
Cash and cash equivalents at the beginning of the period		<u>151,092</u>	<u>97,401</u>
<b>Cash and cash equivalents at the end of the period</b>		<u>114,344</u>	<u>162,863</u>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.



**1 INCORPORATION AND PRINCIPAL ACTIVITIES**

Vodafone Qatar Q.S.C. ("the Company") is registered as a Qatari Shareholding Company for a twenty- five year period (which may be extended by a resolution passed at a General Assembly) under article 68 of the Qatar Commercial Companies Law Number 5 of 2002. The Company was registered with the Commercial Register of the Ministry of Business and Trade on 23 June 2008 under Commercial Registration No: 39656. The shares of the Company are listed on Qatar Exchange.

The Company is licensed by the Supreme Council of Information and Communication Technology (ictQATAR) to provide both fixed and mobile telecommunications services in the state of Qatar. The conduct and activities of the Company are regulated by ictQATAR pursuant to Law No. 34 of 2006 (Telecommunications Law) and the Applicable Regulatory Framework.

The Company is engaged in providing cellular mobile telecommunication services, fixed line services and selling mobile related equipment and accessories. The Company's head office is located in Doha, State of Qatar and its registered address is P.O. Box 27727, Qatar Science and Technology Park, Doha, State of Qatar. The Company is controlled by Vodafone and Qatar Foundation LLC, which owns 45% of the Company shares. The ultimate parent of the Company is Vodafone Group Plc (incorporated in England).

**2 BASIS OF PREPARATION**

The interim condensed financial statements for the six month period ended 30 September 2015 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

All amounts in the interim condensed financial statements are stated in thousands of Qatari Riyals (QR'000) unless indicated otherwise. These interim condensed financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the annual financial statements for the year ended 31 March 2015.

Earnings before interest, tax, depreciation and amortisation (EBITDA) has been the key external measure used by the shareholders to assess the financial performance of the Company and hence has been presented as part of statement of income.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2015. There are various new standards and amendments effective for annual period beginning on or after 1 April 2015. These revised and new standards and interpretations have no major impact to the financial statements of the Company. However, there are some amendments and standards that are issued and not effective during the current financial period but have a significant impact in the future periods, which are as follows:

**IFRS 9, Financial Instruments**, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised costs, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2018.

**IFRS 15, Revenue from contract with customers**, deals with revenue recognition and establishes principles for reporting useful information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier adoption is permitted.

The Company is currently in the process of assessing the impact due to the above changes to the standards.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Risk management, judgments and estimates*

The preparation of the interim condensed financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Management has carried out sensitivity analysis over these significant judgements to assess if any adjustment is needed to the amounts recognised in these condensed interim financial statements and concluded that no material adjustment is required.

The Company's financial risk management objectives and policies, judgments and estimates are consistent with those disclosed in the annual financial statements as at and for the year ended 31 March 2015.

**4 REVENUE**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR'000</b>	<b>QR'000</b>
Revenue from pre-paid mobile services	670,743	771,630
Revenue from post-paid mobile services	232,828	209,881
Sale of equipment and other revenue	162,424	162,493
	<b>1,065,995</b>	<b>1,144,004</b>

**5 BASIC AND DILUTED LOSS PER SHARE**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Loss for the period (QR '000)	<b>(213,493)</b>	<b>(80,956)</b>
Weighted average number of shares (in thousands)	<b>845,400</b>	<b>845,400</b>
<b>Basic and diluted loss per share (QR)</b>	<b>(0.25)</b>	<b>(0.10)</b>

There is no dilutive element and hence basic and diluted shares are the same.

**6 PROPERTY, PLANT AND EQUIPMENT**

	<b>30 September 2015</b>	<b>31 March 2015</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>QR'000</b>	<b>QR'000</b>
Net book value at the beginning of the period / year	1,321,861	1,135,687
Additions during the period / year	145,559	488,917
Depreciation for the period / year	(136,997)	(234,043)
Disposals for the period / year	(92,234)	(68,700)
<b>Net book value at the end of the period / year</b>	<b>1,238,189</b>	<b>1,321,861</b>



**6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

As part of the network modernisation project, the Company purchased capital assets amounting to QR 107.2 million and sold assets with a net book value of QR 92.2 million for a consideration of QR 74.2 million and recognised a loss on sale of QR 18 million in the statement of income. These are unpaid as at 30 September 2015 and hence the purchase and proceeds from sale of property, plant and equipment in statement of cash flows is presented net of this transaction.

**7 INTANGIBLE ASSETS**

	<b>30 September 2015</b>	<b>31 March 2015</b>
	<b>(Reviewed) QR'000</b>	<b>(Audited) QR'000</b>
Net book value at the beginning of the period / year	5,708,627	6,136,489
Additions during the period / year	6,526	90,482
Amortisation for the period / year	<u>(260,497)</u>	<u>(518,344)</u>
<b>Net book value at the end of the period / year</b>	<b><u>5,454,656</u></b>	<b><u>5,708,627</u></b>

**8 HEDGING RESERVE**

Under the Company's foreign exchange management policy, the Company hedges foreign exchange risk in external transactions by using the forward foreign exchange market. The fair value change in the statement of comprehensive income represents the difference between the fair value of the foreign exchange forwards at contract date and at the reporting date.

The Company had short term forward currency options for its known future commitments in Euro with a notional value of EUR 13 million outstanding as at 30 September 2015, which are expiring by 31 March 2016. The fair value loss amounting to QR 0.64 million has been recognised in statement of comprehensive income.

The fair value of this cash flow hedge is classified as Level 2 for fair value hierarchy classification purposes.

**9 DISTRIBUTABLE PROFITS**

As per Article 69 of the Articles of Association of the Company, distributable profits are defined as the net profit/loss for the financial period plus amortisation of license fees for the period. Undistributed profits are carried forward and are available for distribution in future periods.

	<b>Six months ended 30 September</b>			
	<b>2015</b>		<b>2014</b>	
	<b>(Reviewed) QR'000</b>	<b>(Reviewed) QR'000</b>	<b>(Reviewed) QR'000</b>	<b>(Reviewed) QR'000</b>
Balance at beginning of the period		184,703		150,864
Net loss for the period	(213,493)		(80,956)	
Amortisation of license fee	<u>201,920</u>		<u>201,368</u>	
Distributable (loss)/ profit	<u>(11,573)</u>		<u>120,412</u>	
Transfer to distributable profits		-		120,412
Transfer to legal reserve		-		(6,021)
Dividend declared		<u>(177,534)</u>		<u>(143,718)</u>
<b>Balance at period end</b>		<b><u>7,169</u></b>		<b><u>121,537</u></b>

**10 PROVISIONS**

	<b>30 September 2015</b>	<b>31 March 2015</b>
	<b>(Reviewed) QR'000</b>	<b>(Audited) QR'000</b>
Asset retirement obligations	6,287	6,167
Employees' end of service benefits	21,789	19,565
Other provisions	18,680	17,480
	<b>46,756</b>	<b>43,212</b>

**11 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Reviewed) QR'000</b>	<b>(Reviewed) QR'000</b>
Net loss for the period	(213,493)	(80,956)
Adjustments for:		
Depreciation and amortisation	397,494	366,382
Interest expense		9,996
Wakala financing cost	8,841	-
Interest income	-	(65)
Profit from mudaraba	(44)	-
Decrease / (increase) in inventories	16,413	(8,451)
(Increase) / decrease in trade and other receivables	(167,828)	27,377
Increase in trade and other payables	3,331	26,922
Increase in provisions	3,544	3,158
Loss / (gain) on disposal of property, plant and equipment	17,996	(400)
<b>Net cash flow from operating activities</b>	<b>66,254</b>	<b>343,963</b>

**12 SEGMENT INFORMATION**

The Company only operates in Qatar and is therefore viewed to operate in one geographical area. Management also views that its mobile business is the main operating segment of the Company. Fixed line services are reported in the same operating segment as they are currently immaterial to the overall business.

**13 RELATED PARTY TRANSACTIONS**

Related parties represent the shareholders, directors and key management personnel of the Company and companies controlled, jointly controlled or significantly influenced by those parties. The following transactions were carried out with related parties:

	Six months ended 30 September	
	2015	2014
	(Reviewed) QR'000	(Reviewed) QR'000
<i>Sales of goods and services:</i>		
Vodafone Group Plc controlled entities	<u>15,417</u>	<u>14,106</u>
<i>Purchases of goods and services:</i>		
Vodafone Group Plc controlled entities	<u>96,240</u>	<u>60,277</u>
<i>Interest on long term borrowing:</i>		
Vodafone Investments Luxembourg SARL	<u>-</u>	<u>9,749</u>
<i>Profit on wakala liabilities:</i>		
Vodafone Finance Limited	<u>8,544</u>	<u>-</u>

Goods and services are bought from related parties at prices approved by management, as being on an arm's length basis. Balances arising from sales/purchases of goods/services:

	30 September 2015	31 March 2015
	(Reviewed) QR'000	(Audited) QR'000
<i>Receivables from related parties:</i>		
Vodafone Group Plc controlled entities	<u>6,226</u>	<u>8,236</u>
<i>Payables to related parties:</i>		
Vodafone Group Plc controlled entities	<u>55,470</u>	<u>75,607</u>
<i>Wakala financing from:</i>		
Vodafone Finance Limited	<u>1,013,106</u>	<u>902,650</u>
Vodafone and Qatar Foundation L.L.C.	<u>14,606</u>	<u>6,519</u>

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest. The payables to related parties arise mainly from purchase transactions and bear no interest. Wakala liabilities have an anticipated profit rate.

**14 COMMITMENTS AND CONTINGENT LIABILITIES**

	30 September 2015	31 March 2015
	(Reviewed) QR'000	(Audited) QR'000
Operating lease commitments	<u>630,995</u>	<u>732,082</u>
Capital commitments	<u>169,961</u>	<u>72,386</u>
Contingent liabilities	<u>34,690</u>	<u>33,727</u>