Annual Report **2019**

The future is exciting.

Ready?

vodafone

In the Name of Allah,
Most Gracious, Most Merciful

His Highness Sheikh Hamad bin Khalifa Al-Thani

The Father Emir

His Highness Sheikh Tamim bin Hamad Al-Thani

Emir of the State of Qatar

Table of Contents

1 Executive Summary

From our Board of Directors

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to share with you Vodafone Qatar's financial results and business performance for the year ended 31 December 2019.

For the year under review, we delivered solid growth in our financial and operational performance. We sustained profitable growth for the second year in a row, finishing 2019 with eight consecutive quarters of higher year-on-year revenue despite the blockade of the State of Qatar continuing into its second year. This strong growth clearly demonstrates a winning strategy that focuses on strengthening and growing our core business and bringing innovative digital services and solutions to market.

Our significant investments in network and technology infrastructure that includes the Company's roll out of its live 5G commercial network which is close to completion in Doha, yielded stellar results, and most importantly, is supporting the realisation of a digital society under the Qatar National Vision 2030.

Vodafone Qatar reported Net Profit of QR 144 million, a 22% increase compared to the previous year.

Total revenue increased by 1% year-on-year to reach QR 2,125 million driven by higher demand for the Company's Postpaid and broadband services. Service Revenue grew by 2.4% to reach QR 1,949 million. Vodafone Qatar is now serving 1.74 million mobile customers with solid growth coming from the Postpaid and Fixed product plans.

EBITDA for the reported period stood at QR 709 million representing an increase of 21% compared to last year, positively impacted by higher service revenue, lower costs and the adoption of International Financial Reporting Standard (IFRS) 16. Consequently, EBITDA Margin improved by 5.6 percentage points to reach 33.4%.

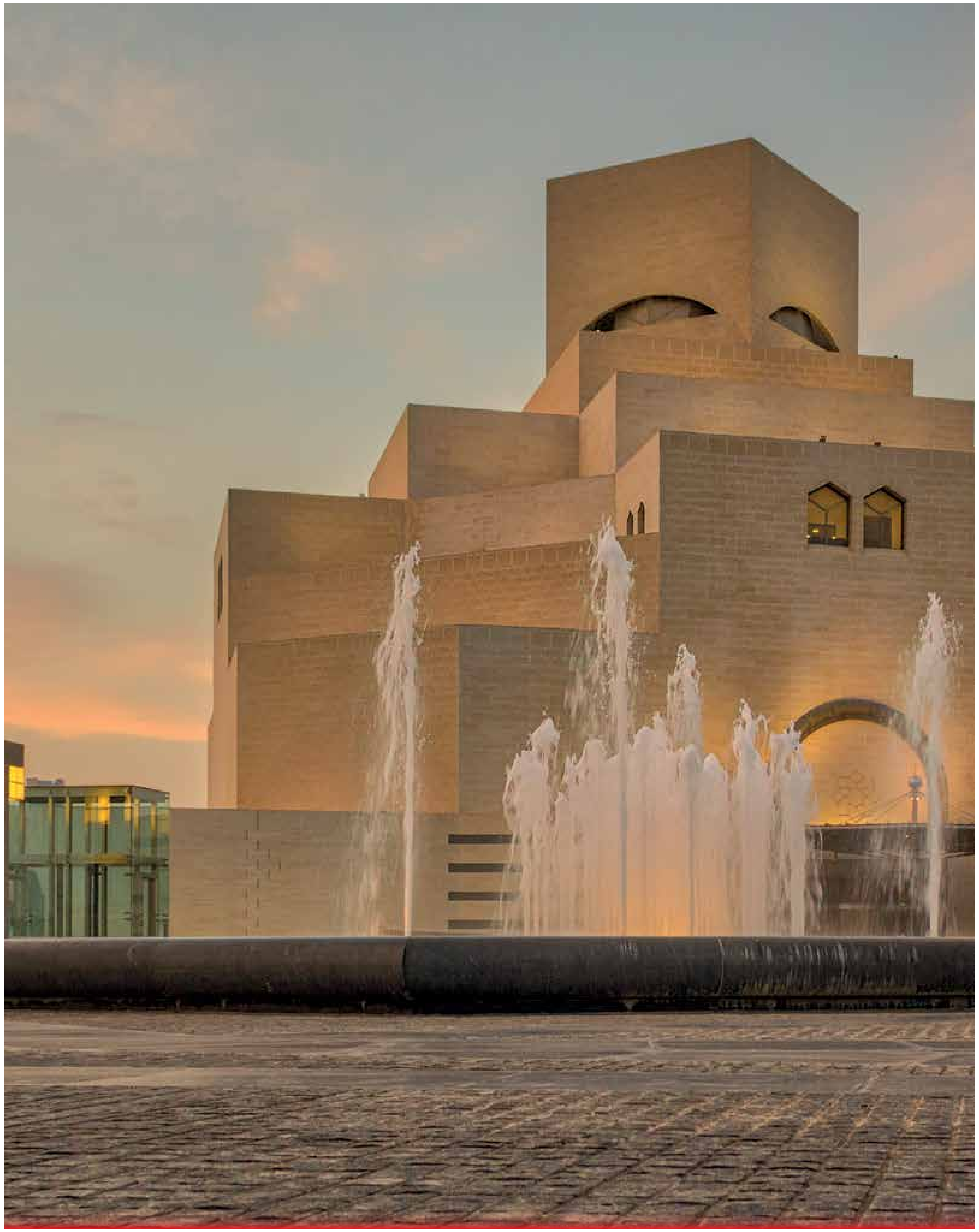
Based on the strong financial performance of the Company during the year and its objective to enhance shareholders' value, the Board of Directors recommended the distribution of a cash dividend of 5% of the nominal share value, i.e. QR 0.05 per share, which will be presented at the Company's next Annual General Assembly for approval.

On behalf of the Board of Directors, thank you to His Highness Sheikh Tamim bin Hamad Al-Thani, the Amir of the State of Qatar and to His Highness, Sheikh Hamad bin Khalifa Al-Thani, the Father Amir. The Board expresses its gratitude to the regulators for extending their continued support for our vision, in particular the Communications Regulatory Authority, the Ministry of Transport and Communications, the Ministry of Commerce and Industry, the Qatar Financial Markets Authority and the Qatar Stock Exchange.

My sincere appreciation to the executive management team for their leadership and to our dedicated employees for their tireless efforts and commitment, as well as to our customers and valued shareholders who are partners in this year's successes. I am very confident that we are well positioned to sustain these sound financial results in 2020.

Abdulla bin Nasser Al Misnad

Chairman of the Board of Directors



From our CEO

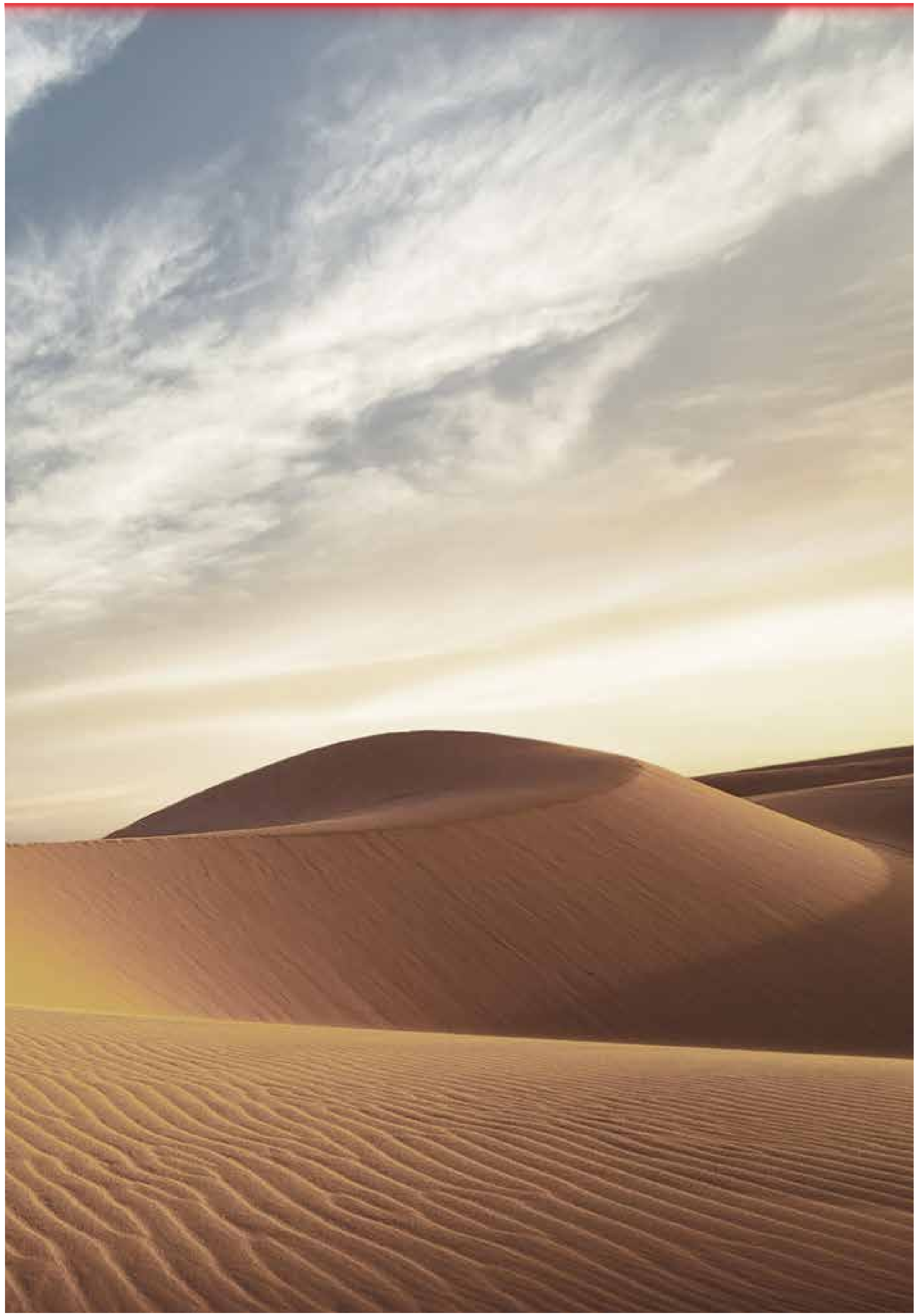
Dear Shareholders,

Last year, we committed to ensuring we had a strong and steady foundation to accelerate our growth in 2019. We are pleased to share with you that this year marked a strong continuation of our responsible growth. We finished 2019 with eight consecutive quarters of total revenue growth on a year-on-year basis while the national telecoms market declined over the same period. Our mobile customer base reached 1.74 million users and we now have 22.4 percent of the total revenue market share (12 months rolling basis as of Q3-2019) in Qatar. This shows that our strategic focus is yielding strong results despite adverse trends affecting the industry as a whole. We have been able to achieve this performance as a result of a disciplined focus on four key strategy pillars.

Strengthening and Growing our Core Business

We take great pride in our role in leading the digital transformation of Qatar and the region. Over the past 11 years we have invested more than 12 billion Qatari Riyals to create a world-leading telecommunications system. The foundation of this lies in our state of the art infrastructure. We have renewed investment in this infrastructure over the past 24 months – over 1 billion Qatari Riyals has gone towards the expansion of both our mobile and fixed access networks, IPTV, NB-IoT, and 5G. Vodafone Qatar's 5G network, in just over a year since its launch, now covers key areas across the country including 70% of Doha. Our coverage rates continue to increase in line with our targets.

To emphasize our customer promise of delivering a world-class experience, we re-branded our network to *GigaNet* and subsequently launched successful *GigaHome* and *GigaBusiness* broadband services along with *GigaTV* - our premium entertainment service. These investments in underlying infrastructure layer and new products and services, have enabled us to diversify our revenue mix to a much healthier level than where we stood a couple of years ago. This more diversified revenue mix has proven an effective counter-balance to customer behaviour changes. It has also helped to minimize impact on overall business performance stemming from aggressive market pricing moves.



Simplifying What We Do and How We Do It

The degree of complexity within our industry has never been higher. From business and operating models to pricing, products, convergence of access networks to a plethora of IT systems, platforms, and applications. In many cases this increased complexity has resulted in higher costs, lower operating margins, longer time to market for new products and suboptimal customer experiences for telecom operators globally.

Our view is that in order to continue to outperform, we need to continue to simplify the way we work and the products we build.

We worked to achieve this through three key focus areas:

- **Unique user experiences.** Mobile first represents our ambition to steer customers to the My Vodafone App and to use the App as the main channel for customer engagement with predictive contact capabilities that are smart and provide 'episode-driven' customer experiences. My Vodafone App customers receive a customized experience based on each individual's unique user history and contact behaviour.
- **Customer centric product innovation.** Much of what we built over the past twelve months has been in response to a deep understanding of what our customers want. We have taken a customer centric approach to revamping our product portfolio to deliver a hassle-free user experience. This evolution includes a shift to a simplified portfolio of unlimited 5G plans which are differentiated by experience (speed and additional non-telco benefits).
- **Constant improvement and IT systems renewal.** To ensure all key enablers are in place, we swapped out or upgraded over 50% of our IT stack over the course of twelve months and migrated our ERP system. Both of these changes have enabled our people, processes, and partners to become more efficient.

Leading Innovation

In order to retain our customer relevance and build stronger customer relationships, we are curating new digital experiences in partnership with leading local and international brands and digital-native companies. These partnerships enable us to own unique digital services and solutions to market. This year we partnered with leading brands including Qatar Airways, Talabat, Careem, the ENTERTAINER, WAVO, Eros NOW and DOCOMO Digital to deliver exciting and impactful user experiences to our customers.

Secondly, we have expanded our role in developing smart solutions for Enterprise customers with the launch of our NB-IoT network and enterprise ICT partnerships to support smart city initiatives. At this year's Qatar IT Exhibition and Conference (QITCOM), an international conference and exhibition on innovative and disruptive technologies, we showcased our best smart Enterprise solutions giving us a leading edge at the exhibition and being awarded The Best Interactive Booth in the entire exhibition.

Generating long-term value in a responsible manner for our shareholders

Overall, our financial performance reflects the aforementioned company achievements. EBITDA margin for the year increased to 33.4% vs. 27.8% in 2018 and we delivered a net profit of 144 million Qatari Riyals, which represents a 22% increase year-on-year.

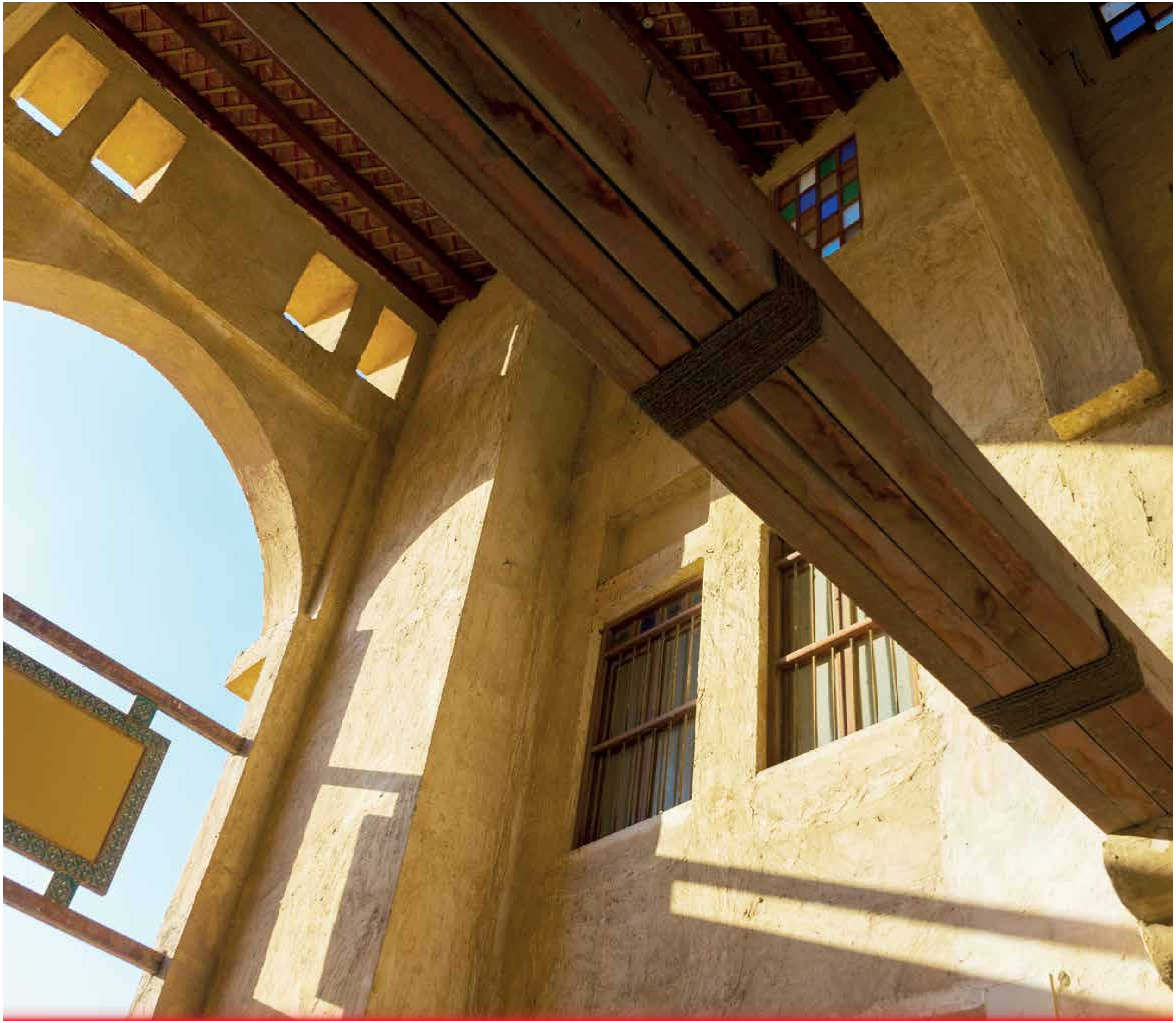
Finally, I want to thank our management team and the energy and engagement of our staff. Our whole team is deeply committed to leading the roll out of new intelligent platforms and connectivity solutions to power the smart cities of the future, building world-class networks, and to developing the next generation ecosystem of digital products and services.

Looking to the future, our ambition stretches well beyond what we have already achieved. It is an ambition rooted in our commitment to continued leadership in connecting today's ideas with tomorrow's technology.

Sincerely,

Hamad Abdulla Al-Thani

Chief Executive Officer



Who we are

Vodafone Qatar offers a comprehensive range of services that include voice, messaging, data, fixed communications, Internet of Things and ICT managed services, for consumers and businesses alike. The Company began commercial operations in 2009 and has 1.74 million mobile customers as of 31 December 2019.

Vodafone Qatar is a key driver of innovation, leading the way as one of the first operators in the world to go live with commercial 5G services and to offer customers a range of 5G products and services. This is a result of rapid progress in rolling out its 5G network across the country since switching it on in August 2018.

Vodafone Qatar is also accelerating the growth of its fixed network infrastructure and is providing the backbone and communications ecosystem for many of the country's iconic developments.

With a commitment to developing the digital infrastructure that will contribute to Qatar's long-term growth and prosperity while enhancing quality of life, Vodafone Qatar's relationship with the community it operates in extends well beyond the products and services it offers. The Company believes that the true value of a business lies in how it creates economic, environmental and social value. Guided by this belief, Vodafone Qatar targets social investment in three key areas: digital safety, community giving, and the application of technology to deliver long-term public benefits.

With over 30,000 institutional and retail shareholders, Vodafone Qatar is 92.5% Qatari-owned. This figure includes the 45% of shares owned by Vodafone and Qatar Foundation LLC. As a member of the Qatar Stock Exchange, Vodafone Qatar has paid-up capital of QR 4.227 billion.

Vodafone Qatar's vision for the future is rooted in its mission to connect today's ideas with the technologies of tomorrow by pioneering digital innovation and becoming people's first choice for telecoms and digital services. The Vodafone brand says **– The Future is Exciting, Ready? –** representing an invitation from Vodafone to all its customers and the people of Qatar to embrace and enjoy the digital future together, as partners.

2 Corporate Governance Report

EXTERNAL AUDITOR'S REPORT ON CORPORATE GOVERNANCE

Independent Assurance Report, to the Shareholders of Vodafone Qatar P.Q.S.C. on the Board of Directors' Report on Compliance with the applicable Qatar Financial Markets Authority Governance Code for Companies & Legal Entities Listed on the Main Market

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority ("QFMA") Board pursuant to Decision No. (5) of 2016, we have carried out:

- a limited assurance engagement over the Board of Directors' Annual Corporate Governance Report ('Directors' CG Report') on compliance of the Company with the applicable QFMA Governance Code for Companies & Legal Entities Listed on the Main Market (the " Code") as at December 31, 2019.

Responsibilities of the directors and those charged with governance

The Board of Directors of the Group is also responsible for preparing the accompanying Annual Corporate Governance Report that covers, at the minimum, the requirements of Article 4 of the Code.

In part (b) of first section of the Annual Corporate Governance Report, the Board of Directors provides its statement on compliance with the QFMA Code.

Our Responsibilities

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the "Board of Directors' Annual Corporate Governance Report on compliance with the QFMA Code" stated in part (b) of the first section of the Annual Corporate Governance Report does not present fairly, in all material respects, the Group's compliance with the QFMA Code.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB').

This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Board of Directors' Annual Corporate Governance Report in part (b) of the first section of the report, is not prepared in all material respects in accordance with the applicable QFMA Code. The applicable QFMA Code comprises the criteria by which the Group's compliance is to be evaluated for purposes of our limited assurance conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

Our limited assurance procedures comprise mainly of inquiries of management and inspection of supporting policies, procedures, and other documents to obtain an understanding of the processes followed to identify the requirements of the applicable QFMA Code (the 'requirements'); the procedures adopted by management to comply with these requirements; and the methodology adopted by management to assess compliance with these requirements. When deemed necessary, we observed evidences gathered by management to assess compliance with the requirements.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Because of the inherent limitations of certain qualitative criteria in the application of the relevant QFMA Code, many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain an audit trail.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Corporate Governance Report (but does not include the Directors' Report on compliance with the QFMA Code presented in part (b) of the first section of the Annual Corporate Governance Report (the "Directors' Statement"), which we obtained prior to the date of this auditor's report.

Our conclusion on the Directors' Report on compliance with applicable QFMA Code does not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our engagement of the Directors' Report on compliance with the QFMA Code, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Directors' Statements or our knowledge obtained in the engagement, 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 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.

When we read the complete Annual Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Conclusions

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Board of Directors' statement in part(b) of the first section of the Annual Corporate Governance Report on compliance with the applicable QFMA Code, is not, in all material respects, fairly stated as at December 31, 2019.

Doha – Qatar
February 03, 2020

For **Deloitte & Touche**
Qatar Branch

Walid Slim
Partner
License No. 319
QFMA Auditor License No. 120156

CORPORATE GOVERNANCE REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Introduction

Dear Shareholders,

I am pleased to present the Vodafone Qatar P.Q.S.C. (“**Vodafone Qatar**” or the “**Company**”) Corporate Governance Report for the financial year ended 31 December 2019. The Corporate Governance Report is intended to provide shareholders with a summary of the Company’s governance policies and practices and an overview of how the Company has adhered to the main principles and requirements of the Qatar Financial Markets Authority (“**QFMA**”) and in particular, the Governance Code for Companies and Legal Entities Listed on the Main Market, issued by QFMA Board Decision No. (5) of 2016 (the “**QFMA Corporate Governance Code**”).

The Board of Directors of the Company (the “Board”) is committed to maintaining high standards of corporate governance aligned with the needs of the company and the interests of all our stakeholders and ensuring that values, attitudes and behaviors are consistent across the business. The Board believes that effective and robust corporate governance is essential to protecting shareholder value, delivering sustainable growth and ensuring that the Company operates in a responsible and transparent manner.

Over the past year, the Board has continued to evolve its corporate governance framework to ensure that the highest standards of corporate governance and best practice are applied across all business functions and operations and, in particular, to continue to implement the requirements of the QFMA Corporate Governance Code to ensure transparency and to maintain investors’ trust. At Vodafone Qatar, there is an expectation for all Board members, Executive Management members, leadership team members, staff and suppliers to act with honesty, integrity and fairness in all of their dealings and to demonstrate the principles of transparency, responsibility, justice and equality as set out in the QFMA Corporate Governance Code.

The Board acknowledges its responsibility to oversee the management of the Company and we are confident that the Board and the Executive Management team of Vodafone Qatar have appropriate and sufficiently robust governance policies and procedures in place to ensure that the Company operates in the best interests of its shareholders.

Abdulla bin Nasser Al Misnad
Chairman

Corporate Governance at Vodafone Qatar and Compliance with QFMA Corporate Governance Code

(a) Major Changes at Vodafone Qatar

The following major changes occurred in 2019:

i. **Implementation of Stock Split:** on 18 November 2018, Vodafone Qatar implemented a reduction in the share capital of the Company from QR 8,454,000,000 to QR 4,227,000,000 by means of reducing the nominal value of the shares of the Company from QR 10 per share to QR 5 per share ("**Share Capital Reduction**"). In accordance with the instructions issued by the QFMA for companies and listed entities on the Qatar Stock Exchange ("**QSE**"), Vodafone Qatar was required to implement a stock split to further reduce the nominal value of the Company's shares from QR 5 per share to QR 1 per share ("**Stock Split**"). The Stock Split (and the relevant changes to the Company's Articles of Association) became effective on 4 July 2019 and was implemented by Vodafone Qatar after obtaining the approval of the Company's shareholders at the Company's Extraordinary General Assembly held on 04 March 2019 and satisfying all other requisite regulatory approvals. The intention of the market wide stock split implementation was to make shares more affordable to retail and institutional investors and provide higher liquidity in the market. The Stock Split had no impact whatsoever on the equity of Vodafone Qatar's shareholders, on the total value of shares held by investors or on the share capital and market capital of the Company. For further details about the Stock Split please refer to the investor relations section of the Company's website (www.vodafone.qa).

ii. **Formation of the Company's new Board of Directors:** The Company's Annual General Assembly of Shareholders ("**AGA**") held on 4 March 2019 elected three (3) of Vodafone Qatar's existing Board members as Independent Board members to the Company's Board of Directors by secret ballot. In parallel, Vodafone and Qatar Foundation LLC, the Private Founder (as defined in the Company's Articles of Association), re-appointed the four (4) other existing members of the Board to the Company's Board of Directors in accordance with Article 29.1 of the Company's Articles of Association. The shareholders approved at the AGA the formation of the new Board of Directors for a maximum term of three (3) years commencing from the date of the AGA. The re-election and re-appointment of the full Vodafone Qatar Board for a further term of three (3) years is a positive endorsement of the Company's long-term strategy and a reflection of the ongoing improved commercial and financial performance delivered by the Board of Directors.

(b) Violations of the QFMA Governance Code and Steps Taken to Ensure Compliance with the Code:

Vodafone Qatar has not been subject to any sanctions or financial penalties imposed by the QFMA in 2019 for non-compliance with any provisions of the QFMA Corporate Governance Code. Vodafone Qatar highlights in this report any specific areas of non-compliance with particular provisions of the QFMA Corporate Governance Code, including the reasons for any such non-compliance and the steps taken, or proposed to be taken, by the Board of the Company to ensure compliance in the future. Vodafone Qatar confirms that there is no material non-compliance with the provisions of the QFMA Corporate Governance Code.

Vodafone Qatar has endeavoured and continues to take steps to align its policies and practices with the requirements of the QFMA Corporate Governance Code as well as international best practice governance principles. In particular, significant work has been undertaken to improve any areas of previous deficiency in an effort to deliver full compliance with the requirements of the QFMA Corporate Governance Code. In this context, the following matters, amongst others, have been addressed:

i. setting objective measurement criteria for evaluating the performance of the Board and its sub-committees;

ii. increasing the number of the Audit Committee's meetings to six (6) per year;

iii. increasing the frequency of the delivery of Internal Audit reports to the Audit Committee;

iv. appointment of an official spokesperson for the Company;

v. policy and procedures for dealing with rumours; and

vi. new Company disclosure policy to ensure compliance with the QFMA Corporate Governance Code instructions.

Board of Directors

Role of the Board of Directors

The Board is responsible for approval of the overall business strategy of Vodafone Qatar and for ensuring that a high standard of governance is adhered to throughout the business. The Board:

(a) has ultimate responsibility for the management, direction and performance of Vodafone Qatar;

(b) is required to exercise sound and objective judgement on all corporate matters independent from executive management;

(c) is accountable to shareholders for the proper conduct of the business; and

(d) is responsible for ensuring the effectiveness of and reporting on the Company's system of corporate governance.

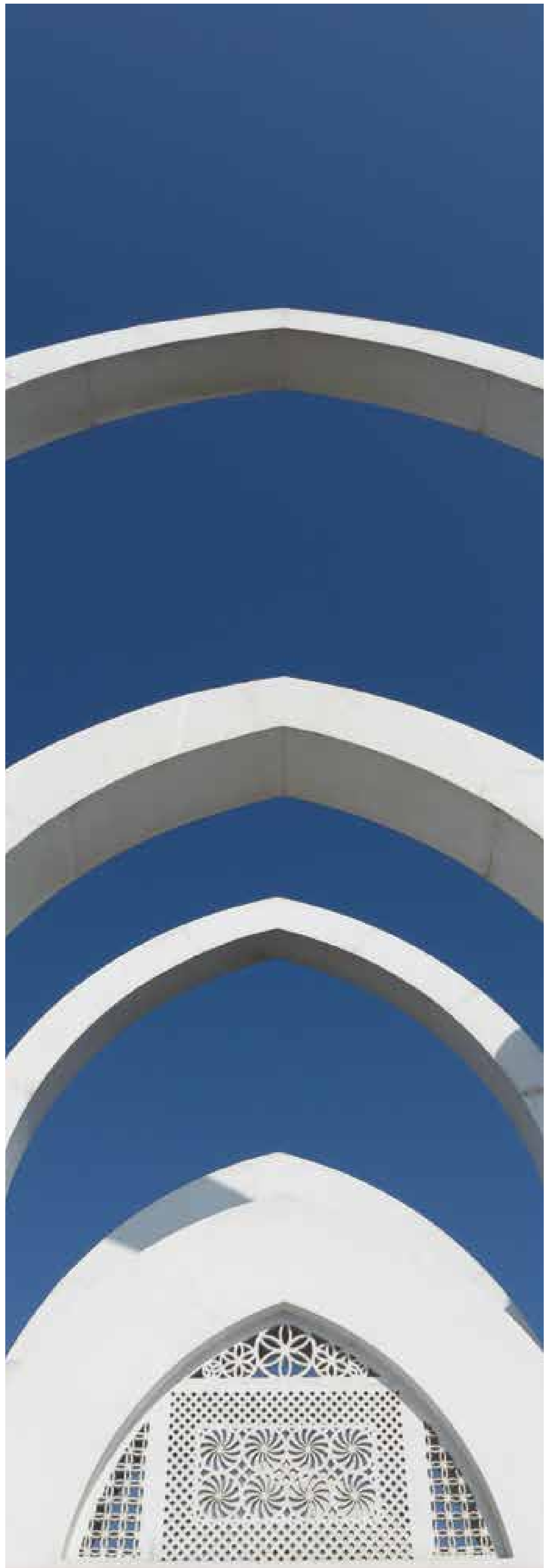
Vodafone Qatar's Board Charter (which complies with Article (8) of the QFMA Corporate Governance Code) provides more details of the Board's duties, functions and responsibilities as well as the obligations of individual Board members is available online (www.vodafone.qa).

Board Composition

As of 31 December 2019, the current Board of Directors of Vodafone Qatar comprises seven (7) members as detailed below. As mentioned above in the section related to major changes at Vodafone Qatar, the AGA of shareholders held on 4 March 2019 elected three (3) of the existing Board members of the Company as Independent Board members to the Company's Board and approved the formation of the new Board of Directors for a maximum term of three (3) years commencing from the date of the AGA.

The members of the Board of Directors are qualified with sufficient knowledge and satisfy the conditions for Board membership as set out in Article (5) of the QFMA Corporate Governance Code. In compliance with Article (6) of the QFMA Corporate Governance Code, a third of the Board are independent members and the majority are non-executive Board members.

Name	Position	Original Date Elected / Appointed (Full Board re-elected on 4 March 2019)	Representing
H.E. Mr. Abdulla bin Nasser Al Misnad	Chairman Non-Executive Independent	25/07/2016	All shareholders
H.E. Mr. Akbar Al Baker	Vice-Chairman Non-Executive Independent	25/07/2016	All shareholders
H.E. Sheikh Hamad bin Faisal Thani Jassim Al-Thani	Non-Executive Independent	29/03/2018	All shareholders
Mr. Rashid Fahad Al-Naimi (Managing Director)	Executive Non-Independent	23/06/2008	Vodafone and Qatar Foundation LLC
Mr. Nasser Jaralla Al-Marri	Non-Executive Non-Independent	25/07/2016	Vodafone and Qatar Foundation LLC
Mr. Nasser Hassan Al-Naimi	Non-Executive Non-Independent	07/11/2016	Vodafone and Qatar Foundation LLC
H.E. Sheikh Saoud Abdul Rahman H.A Al-Thani	Non-Executive Non-Independent	29/03/2018	Vodafone and Qatar Foundation LLC



Biography of Board Members

H.E. Mr. Abdulla bin Nasser Al Misnad

Number of shares held directly in Vodafone Qatar as of 31 December 2019: 0 shares

Number of shares held indirectly in Vodafone Qatar as of 31 December 2019: 0 shares

Mr. Abdulla Al Misnad is the Chairman of the Al Misnad Company having its roots in the private sector business since the 1950's.

Mr. Abdulla Al Misnad is a prominent and active businessman in Qatar who is the Founder and Chairman of the Board of Qatari Investors Group, a publicly listed share holding company.

The following are some of the positions presently held by Mr. Al Misnad:

- Al Misnad LLC – Chairman
- Qatari Investors Group – Chairman
- Al Khaliji Bank – Vice Chairman

H.E. Mr. Akbar Al Baker

Number of shares held directly in Vodafone Qatar as of 31 December 2019: 0 shares

Number of shares held indirectly in Vodafone Qatar as of 31 December 2019: 0 shares

Qatar Airways Group Chief Executive, His Excellency Mr. Akbar Al Baker, is one of the most recognisable figures in the global aviation industry. His vision and commitment enabled the ground-breaking development of Qatar Airways from a small regional carrier into one of the world's leading global airlines in the span of just 20 years. Today, Qatar Airways flies more than 250 state-of-the-art aircraft to over 160 destinations across six continents.

Under his leadership, Qatar Airways has become one of the world's most highly-respected airlines, competing on a scale very few airlines achieve. As a result, passengers have recognised the airline's commitment to the values of safety, security, innovation and quality of service by awarding it the 'World's Best Business Class', 'Best Business Class Seat,' 'Best Airline in the Middle East,' and 'World's Best First Class Airline Lounge' at the 2018 World Airline Awards, managed by international air transport rating organisation Skytrax.

In 2019, H.E. Mr. Al Baker received the Airline of the Year award for the fifth time at the 2019 Skytrax World Airline Awards – a first in the competition's history.

In August 2017, H.E. Mr. Al Baker was announced as the Chairman of the Board of Governors (BoG) of the prestigious global aviation industry body, the International Air Transport Association (IATA), which came into effect in June 2018 for a period of 12 months. In November 2017 he was proudly named 'Aviation Executive of the Year' by the CAPA Centre for Aviation in recognition of his global influence and visionary approach to the airline industry.

H.E. Mr. Al Baker is also a member of the Executive Committee of the Arab Air Carriers Organisation (AACO) and is a non-executive Director of Heathrow Airport Holdings (HAH) - the company responsible for the running and development of the U.K.'s largest airport. In 2019, H.E. Mr. Al Baker was appointed Secretary-General of Qatar's National Tourism Council (QNTC).

Born in Doha, he is a graduate in Economics and Commerce and worked at various levels in the Civil Aviation Directorate before being tasked with creating the world's best airline in 1997.

Education

- BA, Economics and Commerce

H.E. Sheikh Hamad bin Faisal Thani Jassim Al-Thani

Number of shares held directly in Vodafone Qatar as of 31 December 2019: 0 shares

Number of shares held indirectly in Vodafone Qatar as of 31 December 2019: 0 shares

Sheikh Hamad bin Faisal Al-Thani is widely known in the region and regarded as one of Qatar's most influential business figures. In addition to his post as Board member of Vodafone Qatar, Sheikh Hamad currently holds the following positions:

- Chairman and Managing Director - Al Khaliji Bank
- Vice Chairman - Qatari Investors Group
- Board Member - Qatari Businessmen Association
- Board Member - Qatar Insurance Company (QIC)

Previously, he was the Minister of Economy and Commerce of Qatar and Vice Chairman of Qatar National Bank (QNB). Other senior roles include Chairman of Qatar General Organization for Standard and Metrology, member of Supreme Council for Economic Affairs and Investment, Director of Customs Department and Heir Apparent Office, Diwan Al Amiri.

Education:

- Bachelor, Political Science

Mr. Rashid Fahad Al-Naimi

Number of shares held directly in Vodafone Qatar as of 31 December 2019: 0 shares

Number of shares held indirectly in Vodafone Qatar as of 31 December 2019: 120,000 shares

As the CEO of QF Endowment – a wholly owned subsidiary of Qatar Foundation for Education, Science and Community Development, Mr. Rashid Al-Naimi is responsible for investment portfolios and long-term investment policies. He is the residing Chairman of Mazaya Qatar, Mater Olbia Hospital, Managing Director of Vodafone Qatar and a Board Member representing Qatar Foundation across numerous companies, including Vodafone Qatar and Siemens Qatar.

Mr. Al-Naimi has an outstanding record of delivering successful restructurings that continuously improve shareholder value. In 2015, he was honoured by the Arab Economic Forum with the "Achievement in Leadership Award". Prior to joining the Qatar Foundation, Mr. Al-Naimi was the Manager of Human Resources for RasGas Company Limited.

Education

- MBA – University of Oxford (United Kingdom)
- BSc, Economics – Indiana State University (United States)

Mr. Nasser Jaralla Al-Marri

Number of shares held directly in Vodafone Qatar as of 31 December 2019: 1,250 shares

Number of shares held indirectly in Vodafone Qatar as of 31 December 2019: 0 shares

Mr. Nasser Al-Marri has served as Chairman of the Financial Affairs Authority at the General Headquarters of the Qatar Armed Forces/ Ministry of Defence since 2016. After years spent in leading roles cross the government such as CFO of Marafeq Qatar/ Qatari Diar, Director of Business Development and Investment Promotion in the Ministry of Economy and Commerce, Director of Admin & Finance in the Ministry of Economy & Commerce.

Other roles include serving as Finance Director for the Qatar National Food Security Programme and National Human Rights Committee. He was Vice Chairman of Qatar Steel International Company and a Board Member of Qatar Mining Company. Today, he serves as a Board Member of Masraf Al Rayan Bank and United Development Company (UDC).

Education

- MSc, Financial Science and Accounting – Southampton University (United Kingdom)
- BA, Accounting – Qatar University (Qatar)

Mr. Nasser Hassan Al-Naimi

Number of shares held directly in Vodafone Qatar as of 31 December 2019: 0 shares

Number of shares held indirectly in Vodafone Qatar as of 31 December 2019: 0 shares

Mr. Nasser Hassan Al-Naimi is currently the President and Executive Board Member of Barzan Holdings, a company established and owned 100% by the Qatar Ministry of Defense to strengthen Qatar's sovereignity and support the long-term development of R&D, knowledge transfer, human capital and empowering the military capabilities of the Qatari Armed Forces.

Mr. Al-Naimi joined the Ministry of Defense, MoD, as an Officer in 2013 and shortly he got promoted Head for the Local Investment Section until 2016 when he was appointed as Chief of Investment Office for the Qatar Armed Forced, QAF, a position that hold till nowdays.

Education

- MA , Strategic Management – Plymouth University (United Kingdom)
- BSc, Business Management– Plymouth University (United Kingdom)

H.E. Sheikh Saoud Abdul Rahman Hassan Al-Thani

Number of shares held directly in Vodafone Qatar as of 31 December 2019: 0 shares

Number of shares held indirectly in Vodafone Qatar as of 31 December 2019: 0 shares

In addition to his post as Board member of Vodafone Qatar, Sheikh Saoud Al-Thani currently holds the positions of Chairman of Gulf Bridge International Inc. a company registered and incorporated in the British Virgin Islands (BVI), also he is a Vice-Chairman and Managing Director of Qatar Solar Technologies (QSTec), a polysilicon manufacturing company headquartered in Doha, Qatar.

Sheikh Al-Thani is an oil and gas engineer whose energy career has spanned over 20 years, with more than 10 of these years in senior leadership roles around the world. Previously he was Chairman of Qatar Fuels (WOQOD) and Executive Director of Gas and Power for Qatar Petroleum International. Sheikh Al-Thani has an outstanding record in optimizing organizations, teams and investments to create new opportunities that increase shareholder value.

Sheikh Al-Thani is a regular keynote speaker at energy conferences around the world and has led numerous international Qatari delegations on different Governments international conferences and meetings. He is a firm believer in the value of continuing education and research and is passionate about enabling people and organizations to maximize their full potential.

Education:

- BSc, Petroleum Engineering – King Fahd University of Petroleum and Minerals (Saudi Arabia)
- Executive MBA – Henley Business School, University of Reading (United Kingdom)

Combination of Positions

Each Board member has provided the renewed annual written acknowledgment to the Company Secretary confirming that he does not and shall not combine board membership positions in a manner that would breach the requirements of the QFMA Corporate Governance Code.

Board Meetings

Article 36 of Vodafone Qatar's Articles of Association requires the Board of Directors to meet at least six (6) times per year and that no more than three (3) months shall go by without the Board holding a meeting. This is in line with the requirement set out under Article (14) of the QFMA Corporate Governance Code. Vodafone Qatar held a total of six (6) meetings during the financial year ended 31 December 2019 as indicated in the table below.

Board meetings are structured to facilitate open discussion and participation by all Directors in matters relating to strategy, trading and financial performance and risk management. All substantive agenda items have comprehensive supporting briefing material, which is circulated to all Directors in advance of each meeting.

Directors who are unable to attend a particular Board meeting due to other commitments are provided with all the information relevant for such meetings and are able to discuss issues arising in the meeting with the Chairman and/or the Chief Executive Officer and may elect to appoint a proxy for voting purposes.

Board Members / Dates of Board Meeting	Attendance					
	23 January 2019 (Business update)	11 February 2019 (Approval of Year-End financial results)	30 April 2019 (Approval of first quarter financial results)	29 July 2019 (Approval of second quarter financial results)	28 October 2019 (Approval of third quarter financial results)	12 December 2019 (Approval of 2020 Budget)
H.E. Mr. Abdulla bin Nasser Al Misnad	√	√	√	√	√	√
H.E. Mr. Akbar Al Baker	√	√	√	√	√	√
H.E. Sheikh Hamad bin Faisal Thani Jassim Al-Thani	√	√	√	√	√	√
Mr. Rashid Fahad Al-Naimi	√	√	√	√	√	√
Mr. Nasser Jaralla Saeed Al-Marri	√	√	√	√	√	√
Mr. Nasser Hassan Al-Naimi	√	√	√	√	√	√
H.E. Sheikh Saoud Abdul Rahman H.A Al-Thani	√	√	√	√	√	√

Board Performance / Achievements

Please refer to the Executive Summary in the Company's Annual Report for a summary of the key achievements delivered by the Board and Executive Management during the financial year ended 31 December 2019.

In addition, the 2019 annual self-assessment exercise for the performance of the Board and its Sub-Committees was conducted in accordance with a specific evaluation questionnaire set by the Board. The self-assessment exercise took into consideration the key components of the Board's composition and responsibilities including the Board structure, access to and presentation of information, dynamics and Board member contributions, key responsibilities, relationship with the Executive Management and the performance of its Sub-Committees.

The Nomination Committee has reviewed the outcome of the Board's self-assessment and submitted a report to the Board evaluating the overall performance of the Board and its Sub-Committees for the last financial year in accordance with the requirements of the QFMA Corporate Governance Code. The evaluation concluded that the procedures and dynamics of the Board and its Sub-Committees are functioning properly and there is no major area of concerns in this regard. The Board adopted and approved the report taking into consideration the suggested enhancement of certain aspects of the Board's functioning and operation in order to improve the Board's effectiveness and the governance practices.

Board Remuneration

Subject to compliance with the requirements of Law No. (11) of 2015 Promulgating the Commercial Companies Law (the "**Commercial Companies Law**") and the QFMA Corporate Governance Code, namely that the Board remuneration shall not exceed 5% of the Company's net profit after deduction of the legal reserve, and payment of dividends to the shareholders of not less than 5% of the paid up capital the Board is recommending the payment of remuneration to the Board in recognition of their achievements during the financial year ended 31 December 2019. The total remuneration proposed for the Board for the financial year ended 31 December 2019 is referred to in the Company's financial statements as at that date and which are included in the financial statements section of the Company's Annual Report. The Financial Statements are pending the endorsement of the Annual General Assembly meeting.

Board Development

Vodafone Qatar's executive management keeps the Board Members fully informed and appraised of all relevant requirements, rules and regulations relating to general corporate governance through continuous updates provided to the Board Members during the Board meetings and Audit Committee meetings. It should be noted that the majority of the Company's Board members are widely known personalities in the region in addition to their current positions and previous experience as Board Members in other listed companies.

In 2019, the Board took necessary steps to fully align its policies and practices with the requirements of the QFMA Corporate Governance Code as well as international best practice governance principles.

Independent Advice

The Board recognises that there may be occasions where one or more of the Directors consider it necessary to seek independent legal and/or financial advice at the Company's expense. Independent legal and/or financial advice is sought by the Board as and when it is considered appropriate. No independent legal and / or financial advice was sought by the Board during the financial year ended 31 December 2019.

Division of Responsibilities

Vodafone Qatar maintains a clear separation between the roles of the Chairman, Managing Director and Chief Executive Officer with a clear division of responsibilities as follows:

(a) the Chairman is responsible for the operation, leadership and governance of the Board, ensuring its overall effectiveness;

(b) the Managing Director is responsible for providing leadership and direction to the Chief Executive Officer and the Executive Management team in respect of the Company's overall strategic management and acting as the principal point of contact and liaison between the Chief Executive Officer and the Board in respect of strategic and operational matters; and

(c) the Chief Executive Officer is responsible for the management of the business and implementation of the Company's overall strategy and policy.

Board Committees

Vodafone Qatar currently has an Audit Committee, Remuneration Committee and Nomination Committee, each of which is operated in accordance with a specific and detailed Terms of Reference approved by the Board. The Terms of Reference for each committee are available online (www.vodafone.qa). Members of these committees are not remunerated separately for membership of each committee.

Audit Committee

The membership of the Audit Committee of Vodafone Qatar was re-constituted following the Company's Board election at the AGA of the company held on 4 March 2019. The Audit Committee of Vodafone Qatar currently consists of the following four (4) members who have the necessary expertise to fulfil the responsibilities of the committee:

Board Member	Position	Board Member Type
H.E. Sheikh Hamad bin Faisal Thani Jassim Al-Thani	Chairman	Independent and Non-Executive
Mr. Rashid Fahad Al-Naimi	Member	Non-Independent and Executive
Mr. Nasser Al-Marri	Member	Non-Independent and Non-Executive
H.E. Sheikh Saoud Abdul Rahman H.A Al-Thani	Member	Non-Independent and Non-Executive

Article 18.3 of the QFMA Corporate Governance Code suggests that a company's Audit Committee should be comprised of at least three (3) members, the majority of whom should be independent and the Chairman shall be independent. Vodafone Qatar's Board believes the current composition of the Audit Committee is appropriate for its effective operation. Please see below for further information on the rationale for the current membership of the Audit Committee.

The Audit Committee responsibilities include:

(a) preparing and presenting to the Board a proposed internal control system for the Company upon constitution, and conducting periodic audits whenever necessary;

(b) setting the procedures of contracting with and nominating External Auditors, and ensuring their independence while performing their work;

(c) overseeing the Company's internal controls following review by the External Auditors to ensure compliance with the implementation of the best International Standards on Auditing (ISA) and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS) and ISA and their requirements;

(d) overseeing and reviewing the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports;

(e) considering, reviewing and following up the External Auditor's reports and notes on the Company's financial statements;

(f) reviewing the disclosed numbers, data and financial statements and relevant company information submitted to the general assembly to ensure accuracy and completeness;

(g) facilitating co-ordination between the Board and Senior Executive Management to ensure there is full alignment on the effectiveness of the internal controls of the Company;

(h) reviewing the systems of financial and internal control and risk management;

(i) conducting investigations into any financial control matters requested by the Board;

(j) co-ordinating between the Internal Audit unit in the Company and the External Auditor;

(k) reviewing the financial and accounting policies and procedures of the Company and expressing an opinion and recommendation to the Board in this regard;

(l) reviewing the Company's dealings with related parties (if applicable), and making sure that any such dealings are subject to and comply with the relevant controls;

(m) developing and reviewing regularly the Company's policies on risk management, taking into account the Company's business, market changes, investment trends and expansion plans of the Company;

(n) supervising the training programmes on risk management prepared by the Company and the relevant business stakeholders;

(o) preparing and submitting periodic reports about risks and their management in the Company to the Board - at a time determined by the Board - including its recommendations, and preparing reports of certain risks at the request of the Board and / or the Chairman;

(p) implementing the instructions of the Board and relevant Sub-Committees regarding the Company's Internal Controls;

(q) engaging with the External Auditor and Senior Executive Management regarding risk audits with a focus on the appropriateness of the accounting decisions and estimates and submitting them to the Board to be included in the annual report;

(r) assessing the Company's processes to comply with governance requirements with regard to applicable laws, regulations, Code of Business Conduct and Ethics;

(s) reviewing and monitoring the procedures by which the Company complies with the governance requirements in respect of: (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

(t) reviewing reports and disclosures of significant conflicts of interest; and

(u) overseeing the activity and credentials of the Company's Internal Auditors, including the review of the Internal Audit Terms of Reference, plans, resource requirements, staffing and organizational structure, ensuring consistency and compliance with the Vodafone Internal Audit methodology and approach.

Article 19 of the QFMA Corporate Governance Code requires the Audit Committee of a listed company to meet at least six (6) times per year. During the year 2019, the Audit Committee met on six (6) occasions as follows:

Committee Members / Dates of Audit Committee Meeting	Attendance					
	11 February 2019 (Before Audit Committee Reconstitution)	29 July 2019	27 October 2019	11 November 2019	27 November 2019	12 December 2019
H.E. Sheikh Hamad bin Faisal Thani Jassim Al-Thani	√	√	√	√	√	√
Mr. Rashid Fahad Al-Naimi	√	√	√	√	√	√
Mr. Nasser Al-Marri	√	√	√	√	√	√
H.E. Sheikh Saoud Abdul Rahman H.A Al-Thani	√	√	√	√	√	√

As noted in the Company's Governance Report for 2018, due consideration was given to the requirements of the QFMA Corporate Governance Code and in particular, the requirement for a majority of the members of the Audit Committee to be independent Board members when re-constituting the committee. Vodafone Qatar was restricted by the fact that its Chairman is an independent Board member (as provided for under Article 29.3 of the Company's Articles of Association) and is prohibited from acting as a member of any Board committee (Article 7 of the QFMA Corporate Governance Code). Accordingly, only two (2) Independent Board members were available for membership of the Audit Committee, one (1) of whom was H.E. Akbar Al Baker, the Vice Chairman, who was appointed by the Board as the Chairman of the Remuneration Committee. Accordingly, to ensure the Audit Committee could operate effectively and was not adversely impacted by attendance issues arising from the other business commitments of its members, the Board took the decision to appoint only one (1) Independent Board Member to the Audit Committee, H.E. Sheikh Hamad bin Faisal Thani Jassim Al-Thani, who was nominated as Chairman of the Audit Committee (as per the requirement to appoint an independent Board member as Chairman under Article 18 of the QFMA Corporate Governance Code). Given the significant experience of the members of the Audit Committee, the Board believes that all members of the Audit Committee will continue to exercise their roles in an independent and impartial manner to protect the best interests of the Company.

The main recommendations of the Audit Committee to the Board of Vodafone Qatar in 2019 were as follows:

(a) approval of the Company's full-year financial statements for the year ended 31 December 2018, following the review of the report from the External Auditors;

(b) approval of the financial statements for the half-year ended 30 June 2019, following the review of the report from the External Auditors;

(c) approval of the financial statements for the nine (9) months ended 30 September 2019;

(d) approval of several items related to the Company's activities, including, but not limited to, approval of new and updated policies and enhancing governance practices; and

(e) approval of the appointment of the Company's Internal Auditor, his functions and remuneration.

All recommendations and decisions taken by the Audit Committee are presented to the full Board for endorsement and approval.

Remuneration Committee

The Remuneration Committee of Vodafone Qatar currently consists of the following members who have the necessary expertise to fulfil the responsibilities of the committee:

Board Member	Position	Board Member Type
H.E. Mr. Akbar Al Baker	Chairman	Independent and Non-Executive
Mr. Rashid Fahad Al-Naimi	Member	Non-Independent and Executive
Mr. Nasser Al-Naimi	Member	Non-Independent and Non-Executive

Article 18.2 of the QFMA Corporate Governance Code requires that a company's Remuneration Committee be comprised of at least three (3) Board members. Vodafone Qatar's Remuneration Committee comprises of three (3) members, one (1) of whom is an independent Board member.

The purpose of the Remuneration Committee is to determine and have oversight of the Company's remuneration policy and principles, in particular, as they apply to the members of the Board and Senior Executive Management. The Remuneration Committee is responsible for:

(a) setting the Company's remuneration policy yearly including the way of identifying remuneration of the Chairman and all Board members. The Board's yearly remuneration shall not exceed 5% of the Company's net profit after deduction of reserves, legal deductions, and the distribution of dividends not less than 5% of the Company's share capital (in cash and in kind) to shareholders; and

(b) setting the foundations of granting allowances and incentives in the Company, including possible issuance of incentive shares for its employees.

The Remuneration Committee met once during 2019 as follows:

Committee Members / Date of Remuneration Committee Meeting	Attendance
	11 February 2019
H.E. Mr. Akbar Al Baker	√
Mr. Rashid Fahad Al-Naimi	√
Mr. Nasser Al-Naimi	√

The main recommendations put forward to the Board in 2019 by the Remuneration Committee were as follows:

(a) approval of the proposed salary increase for the Company's employees for the financial year 2019;

(b) approval of the Company's Short Term Incentive Plan ("STIP") for the financial year 2018;

(c) approval of the Company's STIP targets for the financial year 2019;

(d) approval of the Company's Long Term Incentive Scheme for the financial year 2019; and

(e) approval of the Board remuneration for the financial year 2018.

The Remuneration Committee provides an update and a summary of its recommendations to the Board. This happens on an annual basis during the Board meeting to approve the Company's full year results and in some cases, more frequently, depending on the nature of the matters reviewed by the Remuneration Committee.

The full Terms of Reference for the Remuneration Committee are publicly available on Vodafone Qatar's website www.vodafone.qa.

Nomination Committee

The membership of the Nomination Committee of Vodafone Qatar was re-constituted following the Company's Board election at the AGA of the company held on 4 March 2019. The Nomination Committee of Vodafone Qatar currently consists of the following three (3) members who have the necessary expertise to fulfil the Committee's tasks:

Board Member	Position	Board Member Type
Mr. Rashid Fahad Al-Naimi	Chairman	Non-Independent and Executive
H.E. Sheikh Saoud Abdul Rahman Al-Thani	Member	Non-Independent and Non-Executive
Mr. Nasser Al-Marri	Member	Non-Independent and Non-Executive

The Nomination Committee primarily has oversight of the nomination and appointment of Board members and ensures the proper application of formal, rigorous and transparent procedures in this context.

The Nomination Committee is responsible for:

(a) developing general principles and criteria used by the General Assembly to elect the fittest among the candidates for Board membership;

(b) nominating whom it deems fit for Board membership when any seat is vacant;

(c) developing and drafting a succession plan for managing the Company to ensure there is a clear plan for filling vacant positions in the Company with suitably qualified individuals to minimise and avoid any potential operational disruption;

(d) nominating whom it deems fit to fill any job at the level of Senior Executive Management;

(e) receiving candidacy requests for the Board membership;

(f) submitting the list of Board membership candidates to the Board, including its recommendations in this regard, and sending a copy to the QFMA; and

(g) submitting an annual report to the Board including a comprehensive analysis of the Board performance to identify the strengths, weaknesses, and proposals in this regard.

The main recommendations put forward to the Board in 2019 by the Nomination Committee were as follows:

(a) approval of the list of independent Board membership candidates applying for election to the Vodafone Qatar Board by the AGA;

(b) approval of the four (4) Board members appointed by Vodafone and Qatar Foundation LLC to the Board of Directors pursuant to Article 29 of Vodafone Qatar's Articles of Association; and

(c) submitting an annual report to the Board on the performance of the Board and its Sub-Committees for the financial year 2019.

All recommendations and decisions taken by the Nomination Committee are presented to the full Board for endorsement and approval.

The full Terms of Reference for the Nomination Committee are publicly available on Vodafone Qatar's website www.vodafone.qa.

Company Secretary

The Company Secretary acts as secretary to the Board and Sub-Committees of the Board and, with the consent of the Board, may delegate responsibility for the administration of both the Audit and Remuneration committees to other suitably qualified staff. The Company Secretary is responsible for:

(a) recording the minutes of the Board meetings, setting out names of the attending and absent members and the meeting discussions and noting members' objections to any decision issued by the Board;

(b) recording the Board decisions in the register prepared for this purpose as per issuance date;

(c) recording the meetings held by the Board in a serial numbered register prepared for this purpose and arranged as per the holding date setting out names of the attending and absent members, the meeting discussions and the members' objections, if any;

(d) safekeeping the Board meetings' minutes, decisions, reports, all Board records and correspondence, and its writings in paper and electronic records;

(e) sending to the Board members and participants (if any) the meeting invitations accompanied with the agenda at least one (1) week prior to the meeting's specified date, and receiving members' requests to add any items to the agenda with submission date;

(f) making full co-ordination between the Chairman and the members, among members themselves, as well as between the Board and related parties and stakeholders in the Company including shareholders, management, and employees;

(g) enabling the Chairman and the members to have timely access to all information, documents, and data pertaining to the Company; and

(h) safekeeping the Board members' acknowledgments of not combining prohibited positions pursuant to the Commercial Companies Law and the provisions of the QFMA Corporate Governance Code.

The appointment or removal of the Company Secretary is a matter for the Board as a whole. The current Company Secretary of Vodafone Qatar is Pauline Abi Saab, Head of Investor Relations for the Company. Ms. Abi Saab joined Vodafone Qatar in February 2017 and has held the role of Company Secretary since 1 April 2019 taking over from Mr. Ian Quigley, Legal Director for the Company who was Company Secretary from 22 October 2018. Ms. Abi Saab has been closely involved in the execution and management of company secretarial and governance related matters of the Company for a few years as part of her previous role as the Company's Head of Investor Relations. Ms. Abi Saab has over 12 years' experience in corporate governance matters and held senior positions in corporate affairs and investor relations at a Qatari national bank prior to joining Vodafone Qatar. In addition to her role as Company Secretary, Ms. Abi Saab continues to head up and be responsible for the investor relations function within Vodafone Qatar.

Executive Management Team

Sheikh Hamad Abdulla Jassim Al-Thani
Chief Executive Officer (CEO)

Shares held in Vodafone Qatar as of 31 December 2019: 25,000 shares

Hamad Al-Thani is responsible for the overall creation, implementation, and integration of the long range strategic, financial, commercial and operational direction of the Company. Hamad Al-Thani also oversees key internal and external stakeholder engagement to influence the environment in which the Company operates by liaising with the employees, the Board, and key Government entities. He chairs the Company's operational governance framework which includes committee oversight of the following: Strategy, Budget, CAPEX allocation, Commercial Approval, Trade Review, Brand Review and Assurance committees.

Khames Mohammed Al Naimi
Chief Human Resources Officer (CHRO)

Shares held in Vodafone Qatar as of 31 December 2019: 0 shares

Khames Al Naimi is responsible for the coordination and implementation of the overall human resources strategy of the Company. Within the scope of his role, he is responsible for ensuring the success of the Company's HR programmes, embedding best practices within the Company's Human Resources functions.

Diego Camberos
Chief Operating Officer (COO)

Shares held in Vodafone Qatar as of 31 December 2019: 0 shares

Diego Camberos, as Chief Operating Officer, is responsible for the coordination and implementation of the Company's overall strategy for commercial, enterprise, digital, and customer operations.

Brett Goschen
Chief Financial Officer (CFO)

Shares held in Vodafone Qatar as of 31 December 2019: 0 shares

Brett Goschen heads the Financial Operations, Financial Planning, Reporting & Analysis, Supply Chain Management and Business Partnering functions of the Company. He is responsible for the accounting and disclosure of the assets, liabilities, financial position and profit and loss of the Company and ensures that the financial statements of the Company comply with the local and global accounting policies. Brett Goschen also oversees the Treasury, Investor Relations and Business Intelligence functions of the Company.

Ramy Boctor
Chief Technology Officer (CTO)

Shares held in Vodafone Qatar as of 31 December 2019: 0 shares

Ramy Boctor is responsible for the development and implementation of the overall technology strategy of the Company. Ramy Boctor oversees all aspects of the Design, Planning and Rollout and Optimization of the Radio and Fixed access network and Technology Strategic relationships. He is also responsible for the Technology Security, Service Delivery, and IT functions of the Company.

Senior Management Performance and Remuneration for 2019

Vodafone Qatar assesses the performance of Senior Management and all employees through a Performance Development system. Performance Development is designed to enable employees and managers to engage in continuous, ongoing dialogue about performance, feedback, development, and potential, in order to identify and develop high performing individuals and teams in current and future roles. In 2019, Vodafone Qatar worked on a 12-month cycle from setting breakthrough goals aligned with the functional goals and the corporate strategy at the start of the financial year in January/February, to the end of year reviews in November/December. A formal review process to assess and calibrate performance was carried out at both a functional and company level.

Please refer to the Executive Summary in the Company's Annual Report for a summary of the key achievements delivered by the Executive Management during the financial year ended 31 December 2019.

For details of remuneration paid to the Executive management team of Vodafone Qatar, please refer to the Company's financial statements as of 31 December 2019, which are also included in the Vodafone Qatar Annual Report. The Financial Statements are pending the endorsement of the Annual General Assembly meeting.

Internal Control and Risk Management

(a) Internal Control Processes

The Board has overall responsibility for internal risk management and control processes. Based on management's assessment of the design, implementation, and operating effectiveness of internal controls relating to financial reporting, no material weaknesses were identified by the Company during the financial year ended 31 December 2019.

In addition, Vodafone Qatar's External Auditors carried out a reasonable assurance engagement over The Board of Directors' Report on the evaluation of Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting (the "Directors' ICFR Report") as of 31 December 2019 to ensure compliance with Article 24 of the QFMA Corporate Governance Code. The report from the External Auditors expresses a reasonable assurance opinion on the fairness of the presentation of the Directors' ICFR Report forming part of the Corporate Governance report based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as at 31 December 2019. The report from the External Auditors and the Directors' ICFR Report are included at the end of the Corporate Governance report for the year ended December 31, 2019.

(b) Compliance Programme

Vodafone Qatar has implemented a dedicated and robust compliance programme in accordance with international best practice. As part of the compliance programme, Vodafone Qatar applies and monitors specific compliance policies and controls across all high-risk activities, including economic sanctions and trade controls, network and information security and resilience and anti-bribery, designed to ensure that all material financial and business risks for the Company are identified and managed appropriately.

The existence and effectiveness of Vodafone Qatar's internal controls and processes to achieve and maintain compliance with all governance policies is primarily the responsibility of Vodafone Qatar's management and is monitored through the compliance and Internal Audit teams. Internal Audit provides an independent assurance over the internal control system and reports significant issues to the Audit Committee in relation to the risk based yearly audit plan.

(c) Business Continuity Management

Vodafone Qatar has an established business resilience framework that addresses and mitigates the risk of the business being unable to resume its operational activities within a reasonable time following the occurrence of any events leading to business interruption. The Company has established a dedicated Business Continuity Management ("BCM") Steering Committee comprising of Executive Committee Members who meets on a bi-annual basis to review the BCM Program implementation, maintenance and improvement. The scope of the BCM Steering Committee and its main areas of responsibility are as follows:

(a) ensure compliance with the BCM policy and its procedures;

(b) approve BCM procedures and all related processes, rules and documents;

(c) monitor continuous improvement of the BCM program and procedures;

(d) ensure that all members of the business are aware of their responsibilities related to BCM;

(e) define, drive and support the implementation of BCM Strategy within Vodafone Qatar;

(f) approve and prioritize BC Strategies for critical business processes and systems prior to implementation;

(g) monitor the development, review and implementation of BCM plans;

(h) approve and monitor the review of the Company's crisis management plan;

(i) define recommendations to improve BCM strategies and operations within the Company; and

(j) support and promote awareness actions.

The Business Continuity, Crisis Management, Technology Resilience and Site Emergency Response Plans set out the requirements to protect the Company against the impact of emergencies and disruptions to critical business operations through effective and timely response (within predetermined timeframes) to an emergency or crisis.

(d) Enterprise Risk Management

Vodafone Qatar operates a comprehensive ongoing risk management and assessment programme within the business. The primary objectives are to balance the risks the business takes with potential reward, support the achievement of corporate strategy and anticipate any future threats. The Company believes a vigilant and robust approach to risk management enables informed decision making, provides senior management with appropriate visibility of relevant business risks, defines the level of risk the Company is willing to take and facilitates risk based assurance activity. On a bi-annual basis, the risk management function reports to the Audit Committee on the top 10 enterprise risks that the Company believes would have the greatest impact on the Company's strategic objectives, operating model, viability or reputation. These risks, plus relevant mitigating actions, are catalogued and tracked in the Company's 'Risk Register' and are then subject to additional reporting, oversight and assurance on an ongoing basis.

Internal Audit

Vodafone Qatar's Internal Audit Department provides objective and independent assurance over critical business processes and projects. The Internal Audit Department reviews business and technology processes to identify the risks, review the controls, make recommendations and track management action plans until completion to enable better management of the business by identifying those aspects of the business that could be controlled more effectively. The Internal Audit team has the independence to report objectively on any function without being constrained by line management through reporting to the Audit Committee functionally and to the Chief Executive Officer of the Company administratively. The Internal Audit team monitors and supports key governance structures and activities to ensure ongoing effectiveness. The team also identifies and promotes good business practices and reviews the Company's financial and accounting policies and processes to evaluate and assess any relevant risks in that context.

The Internal Audit Department provides reports to the Audit Committee in every meeting which includes, but is not limited to, compliance with internal control and risk management, fraud incidents, and risks faced by the company along with actions taken.

In addition, Internal Audit operates in co-operation with and has full access to, the Vodafone Qatar Audit Committee. Internal Audit provides a detailed report, together with a series of recommendations, on the internal control, risk and compliance performance of the Company directly to the Audit Committee during the Audit Committee meetings that take place at half year and full year, and separately on particular issues as required. Vodafone Qatar notes that Article 22 of the QFMA Corporate Governance Code requires Internal Audit to submit a report every three (3) months to the Audit Committee. Vodafone Qatar is now compliant with these requirements as the audit committee meets 6 times a year.

Article 21 of the QFMA Corporate Governance Code prescribes that a company's Internal Audit function should be independent from the day-to-day functioning of the company. The Board considers the Internal Audit Department as being independent from Vodafone Qatar. This independence is reinforced by the reporting line of the Internal Audit function into the Audit Committee and a secondary reporting line to the Chief Executive Officer of the Company.

External Auditor

The decision to appoint the External Auditors including a review of the External Auditor's remuneration is made at the Annual General Assembly by the shareholders. The External Auditors attend the Annual General Assembly to present their report and to answer queries from shareholders.

The purpose of appointing an External Auditor is to provide objective assurance to the Board and shareholders that the financial statements have been prepared in accordance with all related laws, regulations and IFRS and that they fairly represent the financial position and performance of the Company in all material aspects.

Deloitte and Touche ("Deloitte") currently holds the position of Vodafone Qatar's External Auditors and they conduct a full audit at the end of the Company's financial year in addition to a review of the Company's half-year results. Article 23 of the QFMA Corporate Governance Code provides that External Auditors shall be appointed by the General Assembly each year which may be renewed for one or more terms provided this does not exceed five years which is in line with Article 141 of the Commercial Companies Law. Vodafone Qatar's Articles of Association (Article 66) are aligned to the Commercial Companies Law and state that an auditor can be appointed for a period not exceeding five consecutive years.

The decision to appoint Deloitte as the External Auditors of Vodafone Qatar was approved by the shareholders of the Company at the Annual General Assembly which took place on 04 March 2019.

Disclosure and Transparency

Disclosure obligations

Vodafone Qatar has throughout 2019 complied with the disclosure requirements set out in the rules and regulations of the QFMA and the QSE.

Vodafone Qatar conforms to all disclosure requirements of Article 25 of the QFMA Corporate Governance Code. It has disclosed its quarterly financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) to the QSE, the QFMA and the Qatar Central Securities Depository ("**QCSD**") within the deadlines and rules stipulated. Furthermore, Vodafone Qatar has ensured that all sensitive and material information and announcements were disclosed to the market, its shareholders, the investment community and the general public in a timely, accurate, complete and transparent manner as required by the applicable laws and regulations. Material information includes, but is not limited to, Board meetings dates, results announcements, Annual General Assembly invitation, agenda and resolutions, press releases and any other material matters impacting and / or related to the ongoing performance and operation of Vodafone Qatar that has the potential to affect the Company's share price.

Vodafone Qatar has ensured that all financial results, approved presentations, official announcements and press releases of significance are available on the Company's website on the day of publication.

In addition, all information about the Chairman, Board members, Senior Executive Management and major shareholders holding 5% and above of the Company's share capital are disclosed on the Company's website and in the Annual Corporate Governance report.

As a general principle, Vodafone Qatar does not comment, affirmatively or negatively, on rumours. If undisclosed material information has been publicly leaked and appears to be affecting trading activity in the Company's stock, or the QFMA or the QSE requests that the Company makes a definitive statement in response to a market rumour that is causing unusual activity in the stock, the authorised spokespersons will consider the matter and determine if a notice / press release should be issued disclosing the relevant material information or confirming there is no undisclosed material information. No such Market Rumours arose in the financial year ended 31 December 2019.

In 2019, the Board has approved a Disclosure Policy that includes, without limitation, the designated spokespersons for Vodafone Qatar, the procedures for dealing with market rumours, disclosure control and obligations and procedures for maintaining confidentiality.

Sharia Advisor

At the Company's EGA held on 4 March 2019, the shareholders of the Company approved that Vodafone Qatar is no longer required to appoint a Sharia advisor or facilitate and undertake quarterly Sharia compliance audits in respect of its business and operations. In addition, the shareholders approved that the Company reviews its current financing arrangements (including Islamic and conventional financing facilities) to explore options for the Company to avail itself of more flexible financing arrangements. Accordingly, the Company entered into a secured facility arranged by Al Khalij Commercial Bank P.Q.S.C. ("**al khaliji Facility**") for the Company to refinance the existing Wakala financing facility dated 18 November 2014 with Vodafone Finance (the "**Wakala Facility**"). Details of the Wakala Facility and al khalij Facility are more particularly set out in the financial statements included in the Company's Annual Report.

Subsidiary

During the year, the Company established a fully owned subsidiary, Infinity Solutions LLC (the "**Subsidiary**"). The Subsidiary will provide various operational and administrative services directly to its parent company Vodafone Qatar P.Q.S.C. in specific business areas. The Subsidiary is yet to commence its commercial operations.

Details of the subsidiary is more particularly set out in the financial statements included in the Company's Annual Report.

Conflicts of Interest and Insider Trading

Conflicts of Interest and related Party Transactions

Vodafone Qatar has an established Conflicts of Interest Policy that forms part of its Governance Policy framework and Code of Conduct. The purpose of this policy is to promote and maintain transparency and proper management of any potential conflicts of interest relating to employees and their personal interests outside Vodafone Qatar. Application of this policy is in accordance with international best practice and serves to protect the interests of both the Company and its employees from any impropriety.

The Vodafone Executive Management Team and all staff in positions of key responsibility or influence are required to declare any potential conflicts and to obtain formal approval prior to entering into any business related arrangements that may give rise to a conflict. Where relevant, protective measures are put in place to ensure no conflict arises and any associated risk is properly mitigated. It is the responsibility of each Vodafone Qatar employee to notify their line manager and the Rewards and Services team of any changes in personal circumstances that may give rise to a conflict of interest. Any failure by an employee to follow the above process is treated as violation of policy.

Vodafone Qatar did not enter into any transactions with Related Parties (as defined in the QFMA Governance Code) during the financial year ended 31 December 2019.

Anti-Bribery

As noted in the 'Compliance Programme' section of this report set out above, Vodafone Qatar operates to an established and comprehensive framework that is in accordance with global best practice and designed specifically to manage a number of areas of compliance and business risk. This framework extends to include customer and data privacy, network and information security and resilience and anti-bribery.

As part of the anti-bribery programme specific actions and measurements are taken to actively manage identified sources of risk. Measures taken include:

(a) mandatory training for all staff in key positions of responsibility or influence;

(b) creating and maintaining an official register in which all employees are required to record all corporate gifts or hospitality whether given or received.

Breaches of this policy are treated as a serious disciplinary offence.

Insider Trading

Vodafone Qatar has in place a policy summarising share trading guidelines and specifically, the insider trading rules and regulations applicable in Qatar. This policy, together with relevant share trading black-out dates, is communicated to the Vodafone Qatar Board, Executive Management Team and all employees prior to the commencement of each trading black-out period (i.e. at least fifteen (15) days prior to the disclosure of any financial results to the QSE). Vodafone Qatar has provided the QSE, the QFMA and the QCSD with a list of Insiders within the Company – the list of Insiders is continuously reviewed and updated as necessary. In addition, Vodafone Qatar monitors the direct trading activities related to the Company's shares by its Directors and Executive Management Team.

Litigation and Disputes

Vodafone Qatar is currently engaged in litigation in the Court of Appeal with the General Tax Authority in respect of certain tax matters relating to the Company. This is the only material litigation involving the Company in 2019.

Our Shareholders

Vodafone Qatar is compliant with Article 29 of the QFMA Corporate Governance Code. Shareholders have all the rights conferred upon them by related laws and regulations, including the QFMA Corporate Governance Code and the Company's Articles of Association. Further, the Board ensures that shareholders' rights are respected in a fair and equitable manner.

Investor Relations

Vodafone Qatar has a dedicated Investor Relations function and is committed to communicating to shareholders, investors and financial analysts the Company's strategy, activities and financial and business performance as permitted by applicable QSE rules and regulations. The Investor Relations function as part of its primary purpose and function acts to maintain an active and transparent dialogue with investors through a planned programme of investor relations activities and disclosures throughout the year, including (but not limited to):

(a) publication of financial statements, earning releases and investor presentations of quarterly, half-year and full-year results;

(b) publication of an Annual Report of the Company that provides a comprehensive overview of the company's financial and business performance for the year;

(c) hosting of investors and analysts calls to coincide with the release of the Company's financial results at which senior executive managers provide an overview of business and financial performance;

(d) hosting of the Annual General Assembly meeting which all shareholders are invited to attend, actively participate and to exercise their voting rights;

(e) ongoing meetings with institutional investors and analysts, attended by the Chief Executive Officer and/or the Chief Financial Officer to discuss the business and financial performance;

(f) fair and complete disclosure of material information;

(g) answering shareholders' and analysts' queries and concerns in a timely manner;

(h) attending ongoing conferences and roadshows throughout the year; and

(i) enhancing and updating the Investor Relations website dedicated to the Company's shareholders, investors and analysts.

General Assembly Meeting

In compliance with Article 32 of the QFMA Corporate Governance Code, the Company's Articles of Association affirm the right of shareholders to call Annual General Assembly and Extraordinary General Assembly meetings ("AGA" and "EGA" respectively) for the purposes of affording shareholders the opportunity to discuss and raise questions to the Chairman and Board members with respect to any items on the agenda of the relevant General Assembly.

The Company endeavours to hold its AGA or any EGA at an appropriate time and place to enable the majority of shareholders to participate in such meeting. The Company further ensures that shareholders are entitled to appoint a proxy to attend the AGA and EGA on their behalf and details in this regard are contained in the AGA and EGA notices. Vodafone Qatar sets out the agenda items for the AGA and EGA in its notice to the shareholders and details of the proposed resolutions are presented to the shareholders at the AGA and EGA meetings. The resolutions are disclosed immediately after the meeting to the QSE and the QFMA. The minutes of meeting are disclosed immediately after approval. The resolutions and the minutes are available to view on the Company's website.

Access to information

Vodafone Qatar has a dedicated "Investor Relations" page on its website which provides shareholders and other stakeholders with information relating to the Company. The information is regularly updated to ensure that shareholders have most up to date information.

Additionally, as per Article 12 of the Vodafone Qatar's Articles of Association shareholders have access to the Company's shareholder register for free.

Major Shareholders

The Company's major shareholders as at 31 December 2019 holding 5% and above of the Company's share capital are as set out in the table below:

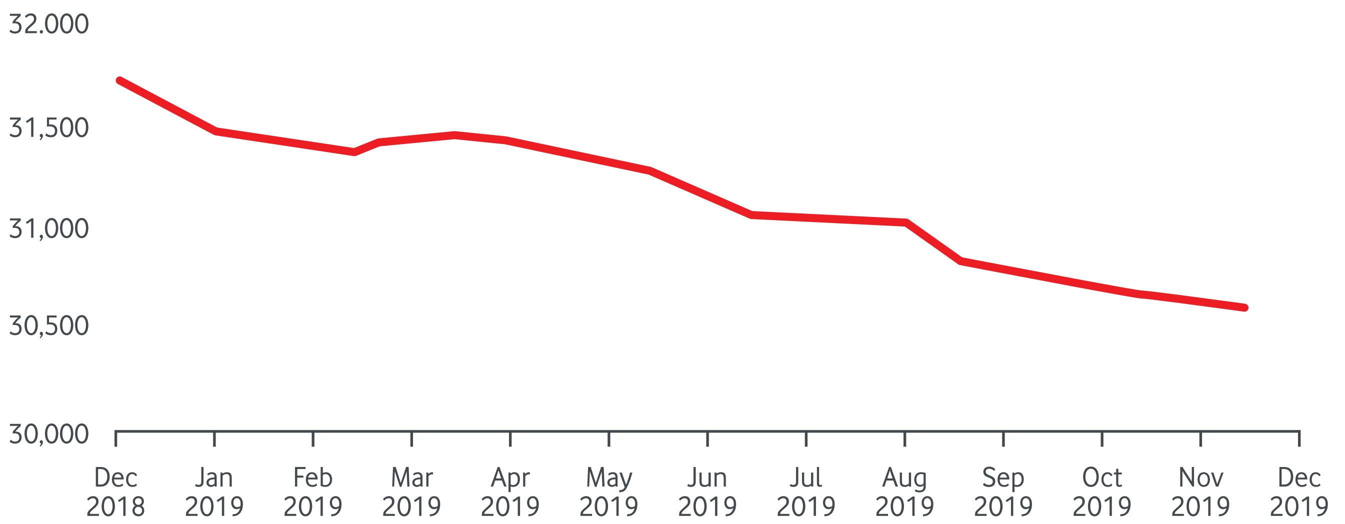
Name	Category	Domicile	Shares	Percent
Vodafone and Qatar Foundation LLC (1)	Corporation	Qatar	1,902,150,000	45.00%
Pension Fund - General Retirement and Social Insurance Authority	Government	Qatar	285,199,356	6.75%
Military Pension Fund - General Retirement Authority	Government	Qatar	218,770,020	5.18%
Qatar Foundation for Education Science and Community Development (2)	Corporations	Qatar	211,350,000	5.00%
		Total	2,617,469,376	61.92%

(1) Vodafone and Qatar Foundation LLC owns 45% of the Company's capital and is itself 100% owned by Qatar Foundation.

(2) Accordingly, Qatar Foundation's ownership interest in the Company (both directly held and indirect through Vodafone and Qatar Foundation LLC) totals 50% of the Company's capital.

Number of Shareholders

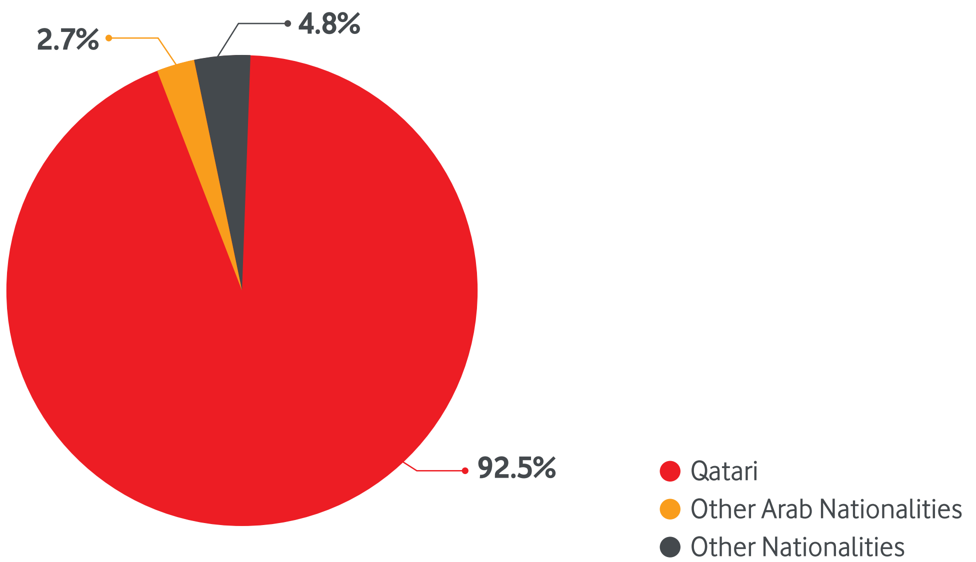
On 31 December 2019, the total number of shareholders in Vodafone Qatar reached 30,607 down from 31,701 as end of December 2018.



Shareholder Base by Nationality

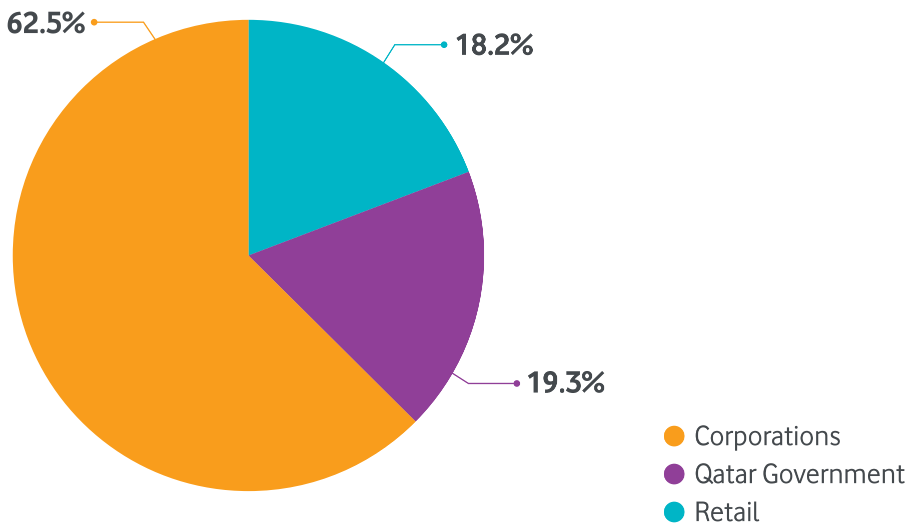
The percentage of shares held by Qatari shareholders (being shareholders, either citizens or entities incorporated in Qatar) fell to reach 92.5% of the Company's share capital (including the 45% equity stake held by Vodafone and Qatar Foundation LLC) down from 93.7% as at 31 December 2018.

Shares owned by shareholders from other Arab nationalities and other nationalities reached respectively 2.7% (up from 2.4% last year) and 4.8% (up from 3.9% last year) of the Company's share capital.



Shareholder Base by Category

On 31 December 2019, the percentage of the Company's issued and paid up share capital owned by corporations reached 62.5% (62.6% last year) whilst the percentage owned by Qatar Government reached 19.3% (19.6% last year) and Retail shareholders reached18.2% (17.8% last year).



Share Price Movement

As mentioned above in the "Major Changes at Vodafone Qatar" section, the 5-for-1 Stock Split undertaken by Vodafone Qatar was completed and effective from Thursday, 4 July 2019. Relevant details are as follows:

After the Vodafone Qatar Stock Split

New number of shares: 4,227,000,000 shares

Adjusted closing price: QR 1.42

Reduced nominal value: QR 1 / share

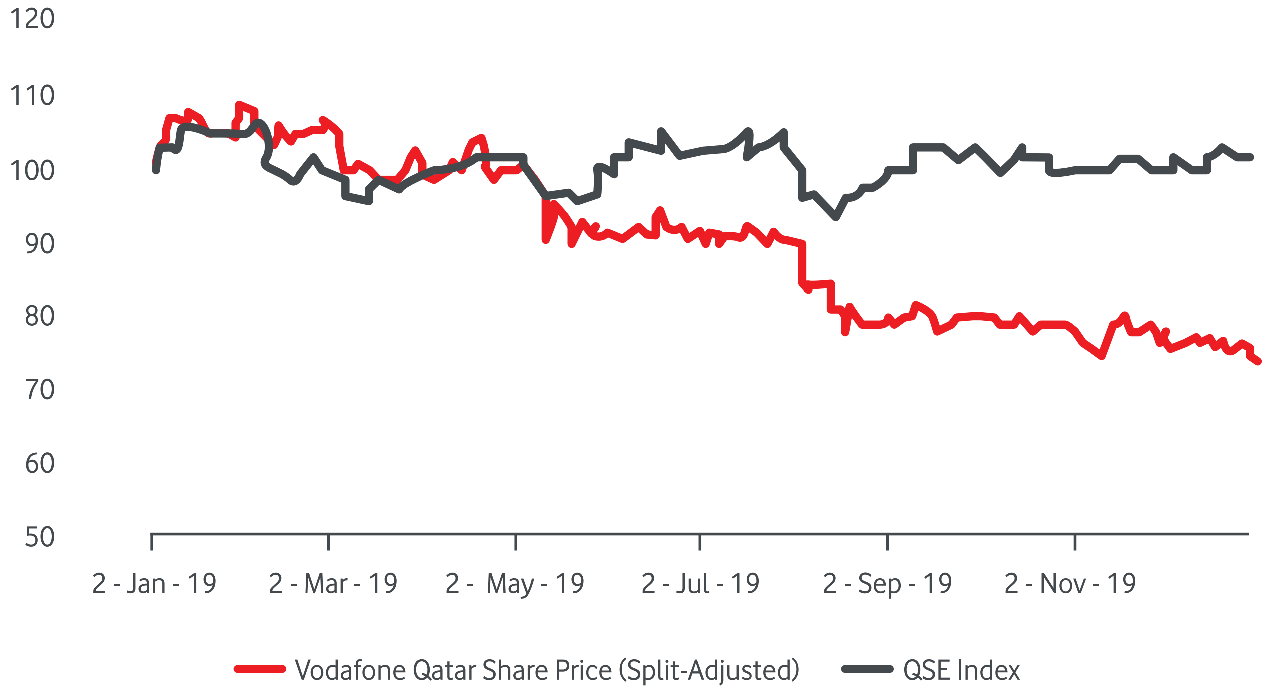
Before Vodafone Qatar Stock Split:

Previous number of shares: 845,400,000 shares

Previous closing price: QR 7.08

Previous nominal value: QR 5 / share

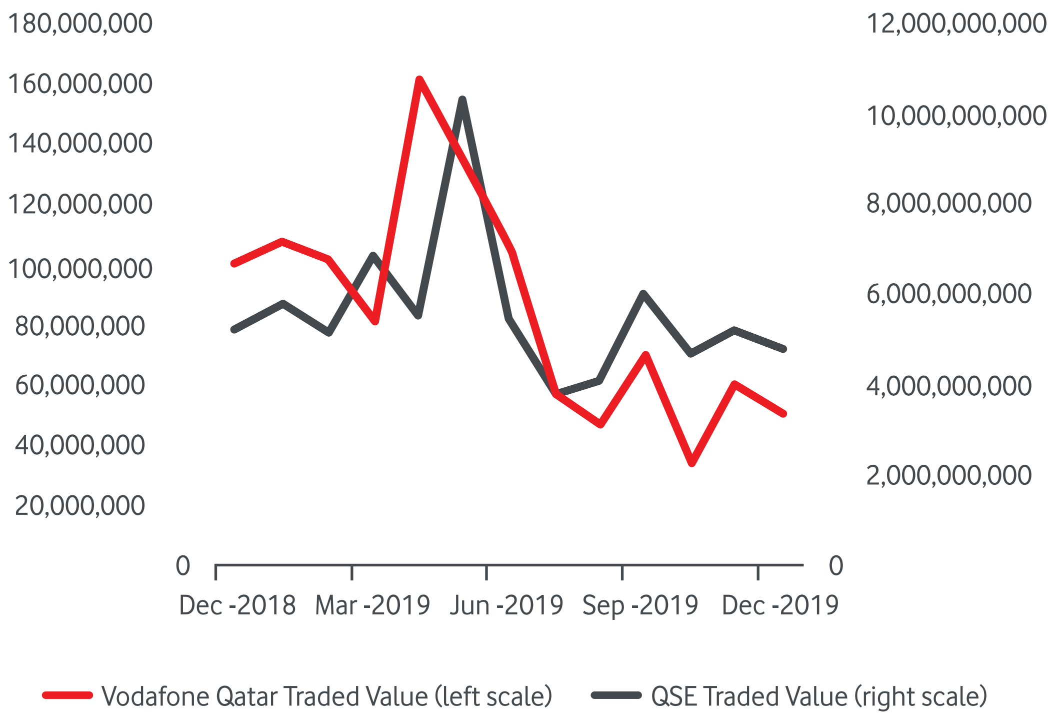
In the financial year ended 31 December 2019, Vodafone Qatar's share price decreased by 25.7% to reach QR 1.16 on 31 December 2018 from QR 1.56 on 31 December 2018 (adjusted price).



Share Trading Activity

Traded Value

In December 2019, Vodafone Qatar monthly traded value reached QR 50.8 million down from QR 100.5 million in December 2018.



Major Transactions

Vodafone Qatar was not involved in any Major Transaction(s) in the financial year ended 31 December 2019.

Employee Rights

The Board ensures that all employees are treated equally without any discrimination whatsoever on the basis of race, gender or religion. Remuneration policy and packages have been established to incentivise employees to perform in the best interests of the Company and retain and reward employees who demonstrate exceptional performance.

Appropriate mechanisms are in place to enable all employees to report known or suspected breaches of Company policies confidentially and without the risk of a negative reaction from other employees or their superiors.

Corporate Social Responsibility

We believe that the true value of a business lies in how it creates economic, environmental and social value. We incorporate our core competencies to engage with communities where we live and work. Through this engagement we seek to deepen personal links, enhance the quality of life and create opportunities for a better future for all people in Qatar.

Our social investments focus on three key areas:

1. Digital literacy
2. Community giving
3. Environmental protection

For further details, please refer to the Corporate Social Responsibility's section of the annual report.

EXTERNAL AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Independent Assurance Report, to the Shareholders of Vodafone Qatar P.Q.S.C., on the Board of Directors' Report on the Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting.

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority ("QFMA") Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over The Board of Directors' Report on the evaluation of Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting (the "Directors' ICFR Report") as of December 31, 2019.

Responsibilities of the directors and those charged with governance

The Board of Directors of Vodafone Qatar P.Q.S.C (the "Company") and its subsidiary (the "Group") is responsible for implementing and maintaining effective internal control over financial reporting. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates and judgements that are reasonable in the circumstances.

The Group has assessed the design, implementation and operating effectiveness of its internal control system as at December 31, 2019, based on the criteria established in the Internal Control — Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework").

The Group's assessment of its internal control system is presented by Management to the Board of Directors in the form of the Directors' ICFR Report, which includes:

- A description of the controls in place within the Components of Internal Control as defined by the COSO Framework;
- A description of the scope covering material business processes and entities in the assessment of Internal Control over Financial Reporting;
- A description of control objectives;
- Identification of the risks that threaten the achievement of the control objectives;
- An assessment of the design, implementation and operating effectiveness of Internal Control over Financial Reporting; and
- An assessment of the severity of design, implementation and operating effectiveness of control deficiencies, if any noted, and not remediated at December 31, 2019.

Our Responsibilities

Our responsibility is to express a reasonable assurance opinion on the fairness of the presentation of the "Directors' ICFR Report" forming part of the Annual Corporate Governance Report, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as at December 31, 2019.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Directors' ICFR Report is fairly presented. The COSO Framework comprises the criteria by which the Group's Internal Control over Financial Reporting is to be evaluated for purposes of our reasonable assurance opinion.

An assurance engagement to issue a reasonable assurance opinion on the Directors' ICFR Report involves performing procedures to obtain evidence about the fairness of the presentation of the Report. Our procedures on the Directors' ICFR Report included:

- Obtaining an understanding of the Group's components of internal control as defined by the COSO Framework and comparing this to the Directors' ICFR Report;
- Obtaining an understanding of the Group's scoping of significant processes and material entities, and comparing this to the Directors' ICFR Report;
- Performing a risk assessment for all material Account Balances, Classes of Transactions and Disclosures within the Group for significant processes and material entities and comparing this to the Directors' ICFR Report;
- Obtaining Management's testing of the design, implementation and operating effectiveness of internal control over financial reporting, and evaluating the sufficiency of the test procedures performed by management and the accuracy of management's conclusions reached for each internal control tested;
- Independently testing the design, implementation and operating effectiveness of internal controls that address significant risks of material misstatement and reperforming a proportion of management's testing for normal risks of material misstatement.
- Assessing of the severity of deficiencies in internal control which are not remediated at December 31, 2019, and comparing this to the assessment included in the Directors' ICFR Report, as applicable.

The components of internal control as defined by the COSO Framework are Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

We performed procedures to conclude on the risk of material misstatement within significant processes considering the nature and value of the relevant account balance, class of transaction or disclosure.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: Entity Level Controls, Revenue – Prepaid, Revenue - Postpaid, Revenue – Equipment, Revenue - Others, Procurement, Treasury, Payroll, Fixed Assets, Financial reporting and disclosures, Operating expenses, Cost of sales and Information Technology Controls.

The procedures to test the design, implementation and operating effectiveness of internal control depend on our judgement including the assessment of the risks of material misstatement identified and involve a combination of inquiry, observation, reperformance and inspection of evidence.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the fairness of the presentation of the Directors' ICFR Report.

Meaning of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that:

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements, which would reasonably be expected to impact the decisions of the users of financial statements.

Inherent limitations

Because of the inherent limitations of Internal Control over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, Internal Control over Financial Reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

In addition, projections of any evaluation of the Internal Control over Financial Reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion the Directors' ICFR Report forming part of the Annual Corporate Governance Report, is fairly stated, in all material respects, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as of December 31, 2019.

Doha – Qatar	For **Deloitte & Touche**
February 03, 2020	**Qatar Branch**

Walid Slim
Partner
License No. 319
QFMA Auditor License No. 120156

BOARD OF DIRECTORS' ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

General

The Board of Directors of Vodafone Qatar P.Q.S.C. (the "Company") and its consolidated subsidiary (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

We have conducted an evaluation of the design, implementation and operating effectiveness of internal controls over financial reporting as of 31 December 2019, based on the framework and the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

The Group has excluded Infinity Solutions LLC (the "Subsidiary") from the assessment of ICOFR as of 31 December 2019, as the Subsidiary is yet to commence its commercial operations. The subsidiary had total assets of QR 0.1 million but no revenue or net profit, which are excluded from the assessment and has no significant impact on Group's consolidated financial statements as at and for the year ended 31 December 2019.

The Group implemented Oracle Fusion ERP system during the year with Go-Live in September 2019. This required the Group to migrate the data and processes from the previous used SAP system, which was managed by Vodafone Group. The newly implemented Oracle Fusion is still under hyper-care with the System Integrator (SI) and the management is currently working on enhancing the usage of the system with more reporting features and automation of processes. As a newly implemented ERP system still under hyper-care, the below scope of work is performed as part of ICOFR testing:

- All financial and non-financial processes are tested for adequacy of controls and its operating effectiveness
- The access level controls to prevent unauthorized access to Oracle cloud database is tested by independent auditors of Oracle as part of their standard audit procedures and these reports were reviewed to ensure adequacy of controls
- Controls relating to user access management, change management and administration of the system will be tested by the management of the Group upon conclusion of the hyper-care period and once the system ownership is completely transferred from SI to IT department of the Group.

The Company's auditor, Deloitte and Touche – Qatar Branch, an independent accounting firm, has issued a reasonable assurance report on Group's assessment of ICOFR.

Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. The Group has also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence - assets and liabilities exist and transactions have occurred;
- Completeness - all transactions are recorded; account balances are included in the consolidated financial statements;
- Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;
- Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities; and
- Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Organization of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business and support functions with an involvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology General Controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2019, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

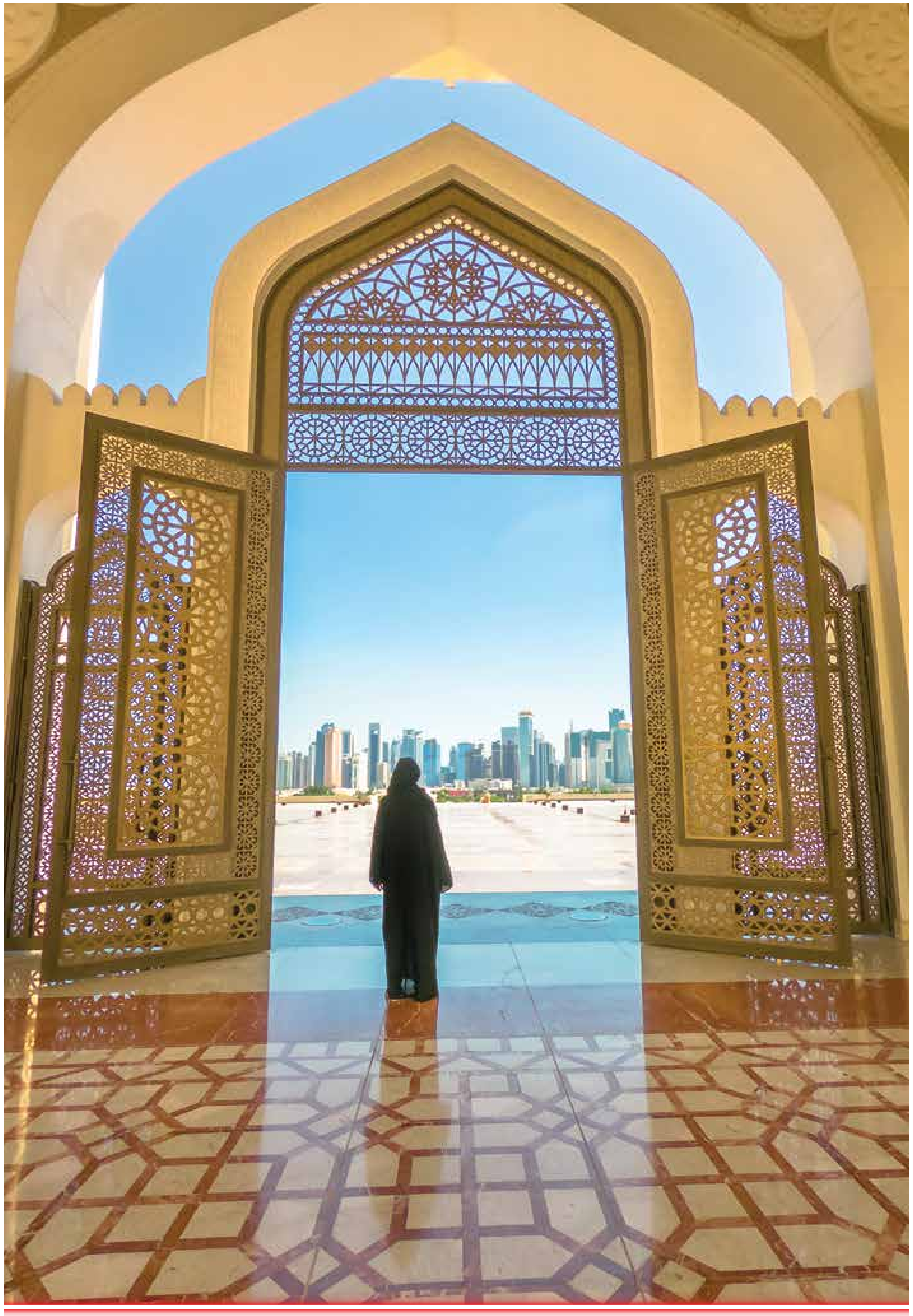
- The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Treasury, Human Resources & Payroll, Fixed Assets, Inventory, Revenue & cost, General Ledger and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General Controls, and Disclosure Controls. As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of 31 December 2019.

This report on Internal Control over Financial Reporting was approved by the Board of Directors of the Group on 03 February 2020 and were signed on its behalf by:

Abdulla bin Nasser Al Misnad	**Rashid Al-Naimi**
Chairman	Managing Director



3 Executive Management Team

Sheikh Hamad Abdulla Jassim Al-Thani

Chief Executive Officer (CEO)

Sheikh Hamad serves as Vodafone Qatar's Chief Executive Officer where he is responsible for the overall creation, implementation, and integration of the long-range strategic, financial, commercial and operational direction of the Company.

Previously, he served as Vodafone Qatar's Chief Operations Officer where he was responsible for the Company's Customer Operations, Human Resources, Legal & Regulatory and External Affairs functions.

During his tenure in this role, Sheikh Hamad focused on ensuring the company provided its customers with the best services through successful execution of a number of projects and programmes. These included Customer Experience and Operational Excellence and employee related programmes that achieved best practices, in addition to playing a key role in helping to shape the regulatory environment in the State of Qatar.

Prior to joining Vodafone Qatar, Sheikh Hamad served in the Oil & Gas sector in various areas such as industrial network engineering and control system engineering.

Education

- BA, Computer Science – University of Ottawa (Canada)

Khames Mohammed Al Naimi

Chief Human Resources Officer (CHRO)

Khames Al Naimi joined Vodafone Qatar in May 2018, bringing years of experience delivering human resources management programmes and services in leading Qatari organisations. Previously, he worked as the HR Director for the Supreme Committee for Delivery and Legacy. He has extensive experience working with the Qatar Foundation and Dolphin Energy Ltd.

Education

- MA, Strategic Business Management – HEC Paris
- BSc, Business Administration – Applied Science University

Diego Camberos

Chief Operating Officer (COO)

Since joining Vodafone Qatar in March 2017, Diego Camberos has led a company-wide commercial, operational, brand and digital transformation. Under his leadership, Vodafone has delivered 8 consecutive quarters of YoY revenue growth; the strongest performance to date. This has helped elevate brand equity, with Vodafone now ranked as a Top 5 Brand in Qatar.

Previously, as CEO of Tigo-Millicom Senegal, Diego turned around the company from a negative trend of -10% yearly to 20% growth in less than 2 years. In Rwanda, he led the company to acquire 35 percent market share in his first two years of operations. He has held numerous other management positions across Latin America, including with McDonalds, Comcel and Viva.

Education

- MA, Business Administration – University of Los Andes (Columbia)
- BA, Economics and International Studies – University of South Carolina (United States)

Brett Goschen

Chief Financial Officer (CFO)

Brett Goschen was appointed CFO in August 2017, bringing 30 years of regional experience and financial acumen to Vodafone Qatar as a certified chartered accountant. Previously as CFO and Executive Director for MTN Group Limited, Brett oversaw finance in 22 operating countries across the Middle East and Africa.

His management experience is as broad as his geographic reach with CEO roles for organisations including MTN Nigeria Communications Limited, MTN Ghana, Autopage Cellular and Digicel.

Education

- Chartered Accountant (South Africa)
- Certificate, Advanced Management – INSEAD (France)
- B.Comm Honours, Accounting Science – University of South Africa (South Africa)
- B.Comm, Accounting – University of Natal (South Africa)

Ramy Boctor

Chief Technology Officer (CTO)

Since joining Vodafone Qatar in February 2014, Ramy Boctor has led the launch of our 4G, 4G+ & 5G network. Under his leadership, our network was recognised as "Best in Test" by the international leader in mobile performance testing, P3 Communications for 4 years in a row (2016, 2017, & 2018 & 2019). In July 2018 and May 2019, the CRA released a report showing that Vodafone Qatar ranked first on local data with the fastest call set-up time and best voice quality and 100% on call completion. Previously, Ramy was CTO at Mobilink where he was renowned for improving tech performance with underperforming teams and rolling-out innovative solutions.

Education

- MA, Business Administration – Warwick Business School (United Kingdom)
- BSc, Telecommunication Engineering – Cairo University (Egypt)

4

31

Review of the Year and Financial & Operational Highlights

The brand

In 2019 we bolstered the power of our network and services. Our continued investment demonstrates our commitment to building world-class infrastructure to keep Qatar in the ranks of the world's most connected countries.

Since switching on our 5G network over a year ago, we have streamlined our focus on solutions and technologies that enhance our customers' experience and brought a series of 'firsts' in the local market. We set new standards for the industry and invited the nation to "Be Unstoppable", a digital journey into the unlimited power of 5G technology. We have made 5G connectivity available to more people, and in more homes and offices, through our market-leading plans and services.

We strive to keep the customer at the heart of our business. As part of this commitment, we developed a suite of products and solutions to help people achieve their digital lifestyle aspirations. We have enriched the customer's digital experience in partnership with WAVO, OSN, Anghami, Talabat, ENTERTAINER, Shop & Ship, and Careem.

All of our initiatives seek to simplify and enhance the customer journey by providing best-in-class digital services to the market. This includes enabling Postpaid and Prepaid users to enjoy worry-free internet usage on our 5G Unlimited Plans and reducing a large number of recharge card variations in our Prepaid portfolio to one simple card. The new multi-function card creates a more dynamic user experience supported by the My Vodafone App.

Brand highlights for 2019 include:

Branded Network - Giga Net. Reinforcing our leadership and significant investment in network expansion with the latest 5G and fibre technologies, we branded Vodafone's network to **Giga**Net, a promise of a world-class digital services experience at home, at the office and on the go.

Home Wi-Fi services - Giga Home**.** Partnering with leading global brands we launched GigaHome Smart Wi-Fi. Our debut in the home services market includes a number of unique features that guarantee seamless, uninterrupted smart Wi-Fi coverage in every room of any size home.

5G Services - Unlimited. To enable our customers to experience the power of 5G technology we launched the country's first 'Unlimited 5G Plans' and our first 5G smartphones, mobile and home Wi-Fi devices.

Vodafone Business - We started off the year with a newly launched Vodafone Business brand. Our communication around the new brand focused on highlighting the customer benefit of our solutions. At our 3rd annual Innovation Day, we showcased the future of communication featuring the region's First 5G holographic call, alongside other Vodafone business solutions. At QITCOM 2019, we built a 1,000 square meter smart city showcasing world-class Vodafone business solutions powered by 5G and took home the event's "Best Interactive Booth" award.

Bringing a branded experience through sponsorship - Integral to our sponsorship is giving audiences a taste of the Vodafone digital experience. This year we partnered with:

- The Qatar National Tourism Council to deliver Shop in Qatar, the Qatar International Food Festival 2019, and Summer in Qatar.
- The Supreme Committee and Qatar Football Association to deliver the 24th Arabian Gulf Cup 2019.
- Aspire-Katara Hospitality for the Aspire Light Festival 2019.
- Qatar Foundation for The National Sports Day.
- Red Bull for Red Bull Dune Bashing and AAMeghessib's Back-2-Back from Red Bull.

In addition to the events listed above, we sponsored the first 5G ESL Mobile Open, the Vodafone Padel Open and the Esrar Race.

Getting closer to our customers

Retail footprint and experience

Leading in retail means efficiently expanding our footprint to be closer to our customers and being strategically present across the country. Today, we have 30 retail stores across Qatar and we continue to expand. This year we opened a new store at Hamad International Airport to serve the tourist market. Each one of our stores takes customers on a branded journey where they experience the convenience, transparency, simplicity and speed of using Vodafone.

We significantly improved features of our store model to deliver the best possible advice and a higher level of customer service. We have also empowered our retail agents with a centralised platform that provides a 360° view of the customer profile. The platform has improved the seamless delivery of service, while protecting customer data and privacy. In-store customers receive tokens through a queuing mechanism, which further enhances the customers' experience by reducing waiting time. In the year ahead we plan to provide OmniChannel experience, enabling customers to access services in-person or online via a range of new digital platforms.

Work to better understand our customers in 2019 focused on two core initiatives. These were:

1. **Growing Vodafone mini stores:** We opened Vodafone mini stores at 40 locations across Qatar, and plan to expand our footprint to include more locations in the near future. Vodafone mini stores are fully branded and have advisors to assist customers and offer the following services: Postpaid, Prepaid & MBB plans, MNP, migrations, SIM swap, and bill payments.
2. **Expanding mass-market availability of Vodafone services:** We now have 400 mass-market outlets doing post-purchase sales to customers. Electronic top-up recharge outlets reached the 1500 outlet mark this year. Vodafone customers can now make Postpaid bill payments in these 1500 outlets through the dealer app.

Innovation through responsible data analytics

Big Data and advanced analytics are evolving rapidly globally and Vodafone Qatar is at the cutting edge of this evolution. We are committed to the idea that our customers and Qatar in general should be able to access all the benefits and opportunities that this new technology has to offer.

We have invested in the systems, processes and people required to ensure that we are bringing the benefits of the Big Data revolution to our consumer and enterprise customers, and harnessing new computing power to optimise their experience in all their interactions with us.

In Q4 2019 we updated our privacy policy to ensure we remain at the forefront of data security, and respect for the privacy and confidentiality of our user communications. Vodafone Qatar is committed to exceeding customer expectations in this area and strives to meet our legal obligations to protect and secure customer data. We place the highest possible value on this aspect of our business.

We are committed to providing both government and private sector client's access to all of the commercial benefits of Big Data-enabled insights and understanding. We know that these insights will enable public and private sector clients to improve profitability, efficiency and the quality of service delivery in Qatar. This benefits all of our stakeholders.

We CARE

Customer experience is the key differentiator in competitive telecoms markets. Our CARE programme continued to be the key focus for differentiated customer experience during 2019. With **CARE,** we ensure our customers are **C**onfidently connected, **A**lways receive excellent service and are **R**ewarded for their continued loyalty, and that they can **E**asily access all channels.

Our experience transformation initiatives under the four pillars of CARE focus on deepening digital customer engagement, accelerating digital transformation, radically simplifying our operational process, generating better returns from our assets by using advanced digital technologies to create incremental growth in revenues with a continuous focus on reducing net operating costs.

Qatar was the first market in the Vodafone group to launch the new enhanced version of the My Vodafone App, which was well received by our customers. The new app was designed to support customers to manage their current Vodafone products and services whilst discovering more of what they want in a safer and better-connected app ecosystem. As a result of the successful launch, more than 32% of customers have started to engage our digital channels for customer services, payment, recharges and the upgrade of existing plans.

In 2020, we will continue to accelerate our digital transformation journey with a strong focus on enhancing our customer experience. In the year ahead, our customers will benefit from more advanced technology usage, simple processes to provide predictive, proactive and personalised offers.

Enabling customers to perform better

We are committed to enabling business success in a changing digital world. In 2018, we made major investments in upgrading our networks and IT systems that showed just how exciting business with Vodafone can be. This year we:

Launched 5G to propel Qatar's economic growth and give businesses access to the latest 5G technology. We are proud to have had the privilege to be the first operator in Qatar to connect an enterprise customer to 5G network and also to cover 70% of Doha with 5G.

Expanded our fibre network to reach more business customers and allow them to connect their people, places and things through a resilient & secure network.

Coverage expansion in 2019 we deployed 53 active mobile sites.

Modernised our Voice Core Network to improve voice quality and reliability for customers with our cloud infrastructure.

Network Performance

Independent Network Performance Audits. Our investment in network modernization has been paying off with positive results and is recognised by both local and international institutions. In the Communications Regulatory Authority (CRA) Quality of Service Audit Report published in May 2019, Vodafone's GigaNet network showed outstanding performance and continuing year on year improvement.

Investing in IT infrastructure

A focused approach:

- We rolled out updated human assisted channels, fixed convergence and analytics areas.
- Digital self-service: The My Vodafone App revamp & web portal revamp and the launch of Omni Channel DXL capabilities.

In 2020 we will focus on further transforming our backend systems to a digital cloud micro services architecture that will support charging, billing, order fulfilment, and our CRM.

Cyber security

We take cyber security seriously and adopt active defences against an increasing volume and diversity of threats. Vodafone deploys state of the art cyber security system.

Providing more to enterprise customers

In 2019 we continued to build customer trust and loyalty with our enterprise customers. Notable milestones for the year included the:

Expansion of our Fibre footprint to different areas allowing us to connect a higher number of businesses than the previous year. Our state of the art high-speed fibre is now connecting a vast number of organisations across Qatar that are now able to optimize, automate and innovate using Vodafone's GigaNet Fibre.

Launch of our 5G network with ultra-high-speed connectivity covering 70% of Doha. We introduced new GigaBusiness 5G plans that offer unlimited data with speeds up to 1Gbps, and we were the first company to provide Hamad International Airport with 5G connectivity.

Extension of our Internet of Things (IoT) leadership position to include the country's first Narrowband-IoT (NB-IoT) Network. NB-IoT enables our customers to run Smart City applications including power and water utilities software, smart building monitors, healthcare and agriculture applications.

Strengthening of our mobile propositions with new Unlimited 5G plans. These plans empower our customers to be unstoppable in running their businesses, with unlimited data, calls, SMS including competitive roaming benefits fit for business.

Introduction of Mobile Satellite as an advanced service to our customers. As part of guaranteeing seamless connectivity and business solutions, our customers are now able to communicate through voice or data from any remote location in the world.

Announcement of our partnership with Hewlett Packard Enterprise (HPE), in order to jointly deliver an innovation roadmap for Government entities and Enterprises and further expand the adoption of new generation technologies that are able to support applications for smart cities, connected industries and others.

Our people and culture

Our people are behind every aspect of our success as a company. Together, we are committed to delivering superior network performance, an outstanding customer experience and contributing to the Qatar National Vision 2030.

The Vodafone Way underpins our culture and purpose. At its centre is a focus on three core principles: speed, simplicity and trust. We want our people to respond swiftly and effectively to challenges and opportunities, especially those that affect our customers. Avoiding unnecessary bureaucracy, costly and cumbersome internal processes is a priority. Our culture ensures business activities and decisions recognise the importance of earning and retaining the trust of our customers, employees and stakeholders.

Our leaders foster a culture where communication, teamwork and trust come together to enable great outcomes. We strongly believe that this culture will drive innovation and create a better today and tomorrow which we seek for our employees and customers.

Attracting and developing great people

In the last year, we have significantly increased the opportunities we provide to young people to experience work at Vodafone, consistent with the Qatar National Vision. We have also made strides to "Qatarise" more employee roles with Qatari citizens going forward and have increased the number of Qataris in the company.

Through our Discover Graduate programme, we are identifying the next generation of Vodafone leaders by hiring the best talent from universities. This programme is key to grow our talent pipeline with diverse young people who are ready to drive Vodafone forward into the next telecoms era. In 2019, the two-year programme took thirty six participants on a career journey across the business.

We want the world's top talent to choose Vodafone because of our reputation for investing in learning and development across the company. This year, we invested significantly in employee training and development. While these programmes take many forms, our core focus in 2018-2019 was on rolling out a new call centre academy and developing agile leadership and digital management skills. These initiatives empowered our front-line staff with skills to improve the digital customer experience.

Recognising performance

We reward people based on their performance, potential and contribution to our values and success. To maintain compliance with our fair pay standards, we benchmark and monitor our pay practices regularly on a regional and industry level. This ensures that our pay practices, including retirement and other benefit provisions, are:

- Compliant with all local legislation
- Free from discrimination
- Market competitive
- Easily understood

Global short-term incentive plans are offered to a large percentage of employees. Senior managers are eligible for global long-term incentive plans. Our arrangements are subject to company-level and individual performance metrics.

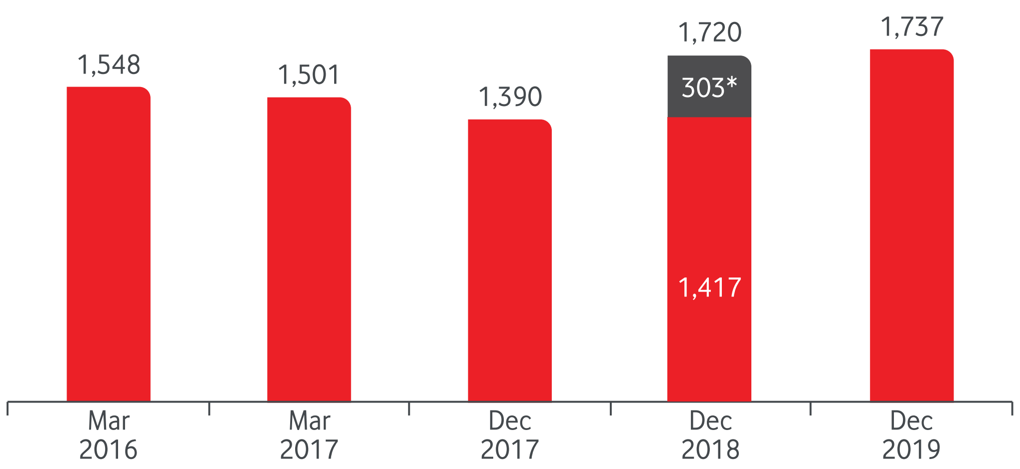
Creating a safe place to work

We want everyone working with Vodafone, including our partners and suppliers, to return home safely every day. This is why health and safety Absolute Rules are fully integrated as a core value across Vodafone Qatar. The management team makes health and safety a priority, pro-actively visiting different locations on a quarterly basis to lead by example. Their presence has helped to instil a culture of health and safety and also encourages our partners to recognise and live by the same high standards.

Key to the Vodafone culture is looking after the wellbeing of our employees. This year's wellbeing initiatives included football tournaments, the Wellbeing Challenge and participation in a national Health and Safety Week. All of these initiatives have contributed to a broader workplace engagement, motivation and productivity.

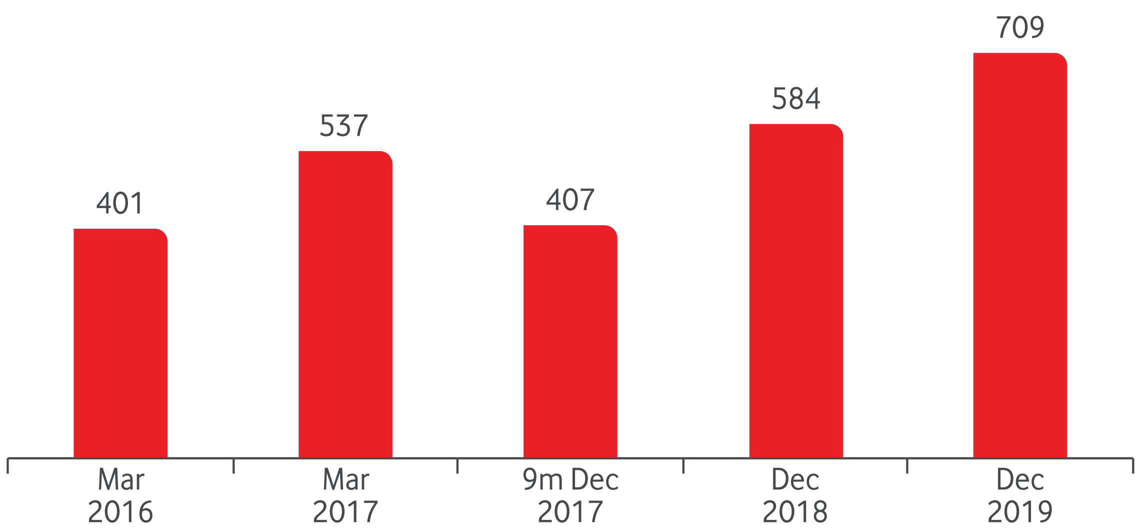
Financial & Operational Highlights

Mobile Customer (000)

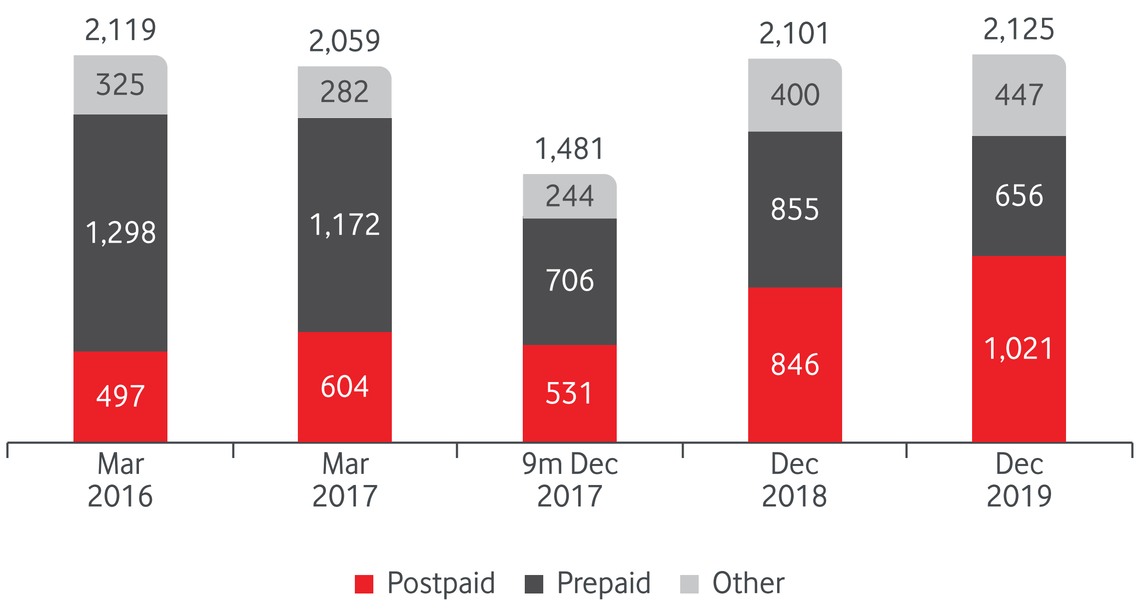


*Impact of change in Prepaid customer definition

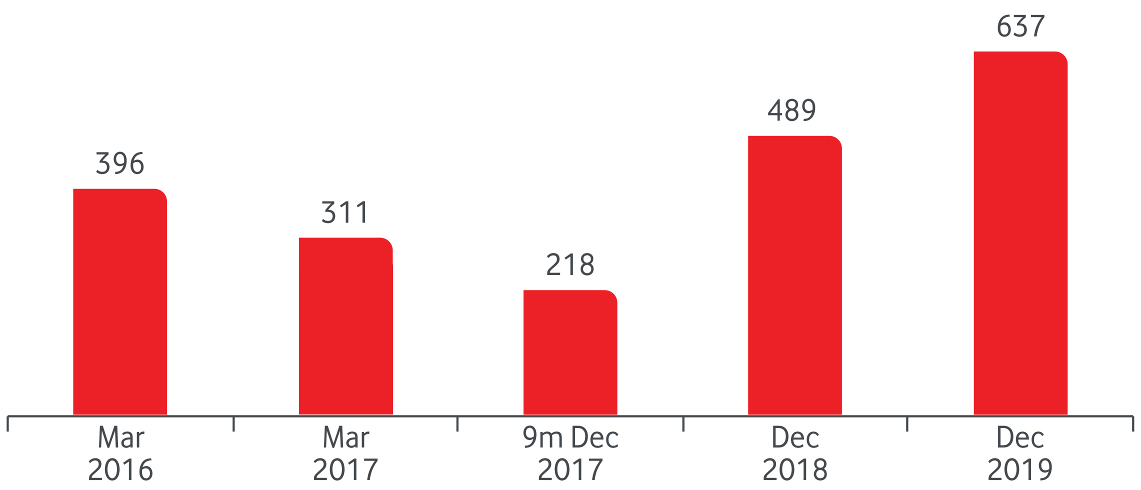
EBITDA (before industry fee) (QR m)



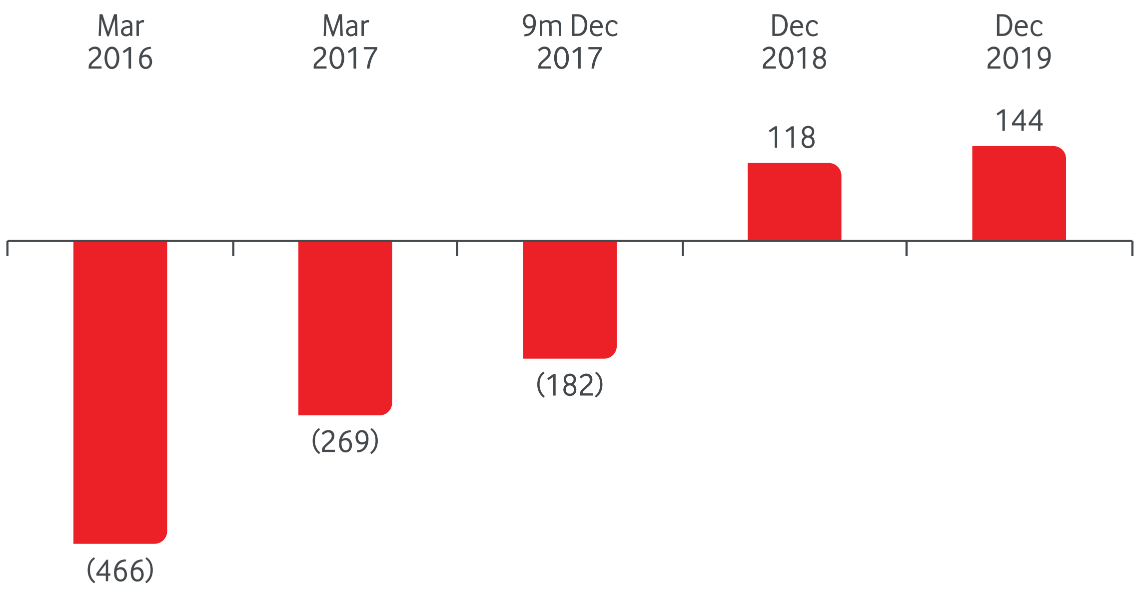
Revenue (QR m)



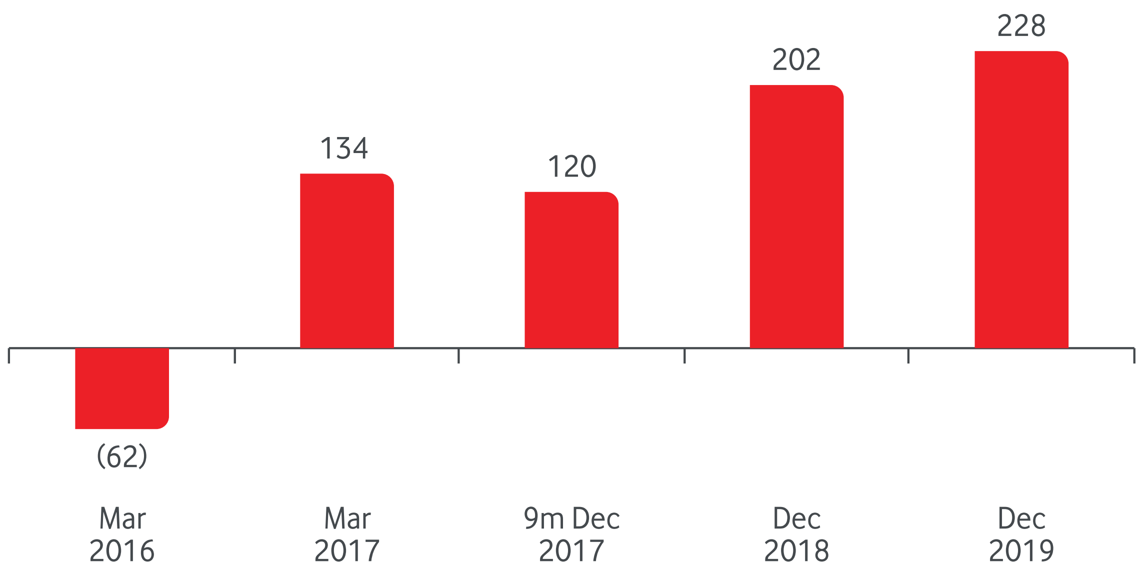
Capital Expenditure (QR m)



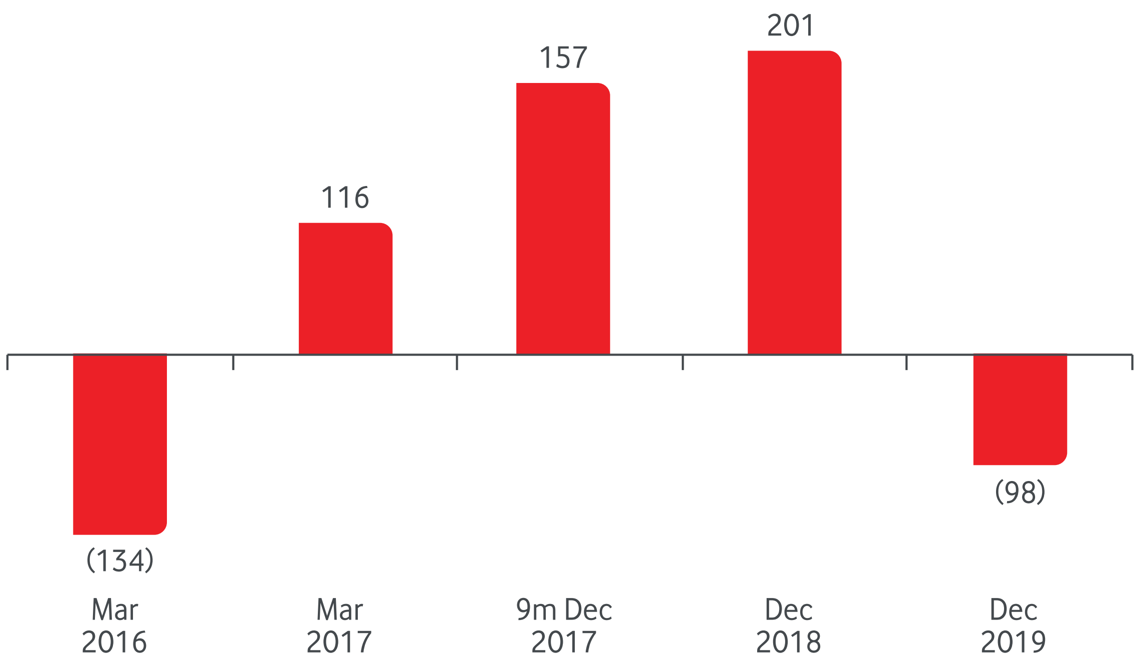
Net Profit/(Loss) (QR m)



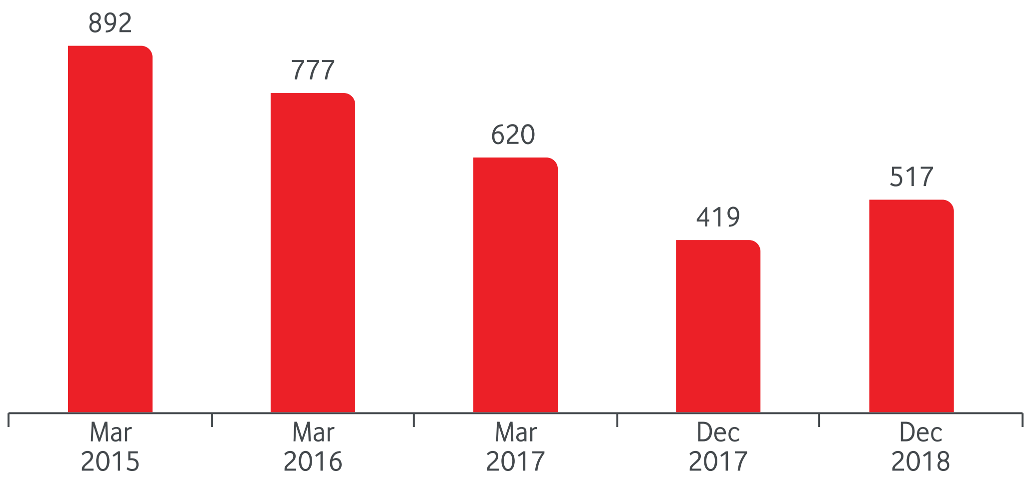
Net Profit Excluding License Amortization (QR m)



Free Cash Flow (QR m)



Net Financing Position (QR m)



5 Corporate Social Responsibility

Social investment

We believe that the true value of a business lies in how it creates economic, environmental and social value. We incorporate our core competencies to engage with communities where we live and work. Through this engagement we seek to deepen personal links, enhance the quality of life and create opportunities for a better future for all people in Qatar.

Our social investments focus on three key areas:

1. Digital literacy
2. Community giving
3. Environmental protection

We are proud of the many social investment initiatives which have benefited a wide segment of society since Vodafone Qatar started operations in 2009. Highlights for 2019 include:

Digital literacy

AmanTECH

AmanTECH, Vodafone Qatar's award winning online safety programme provides children, parents and teachers with the tools they need to safely navigate the digital world. As we move to a 100% connected society, the need for training in online safety has never been greater. We are committed to educating young people and others on the online risks to ensure that the internet and social media can continue to play a positive role in society.

This year, in partnership with the Qatari Ministry of Transport and Communications and the Ministry of Education and Higher Education, we conducted online safety workshops at 10 primary schools. This brings the total number of schools who have run online safety workshops in partnership with Vodafone since 2017 to 40 that have benefited close to 50,000 students. At the end of each workshop, pupils complete an electronic survey on their use of technology, games, videos and social media. These exit surveys have produced valuable insights on children's online behaviour which informs AmanTECH's focus into the future such as children spending up to 8 hours online.

Our work through AmanTECH has already connected us with thousands of children, parents and members of the educational community. There is still more work to be done to raise awareness about online safety with this audience. Our research shows a number of gaps. Communication between parents and children is often limited to parents trying to get children off screens rather than parents working to understanding what types of media their children are consuming. A wider conversation is needed about screen use, online content and some of the risks involved for children. Greater awareness of the risks presented by online environments and social media would make children more likely to talk to parents when issues arise. At present, for example, only 39% of surveyed children say they would tell an adult about seeing upsetting content online. We believe that our education programs can improve awareness and action on online safety in Qatar.

With this research in mind, we looked to further engage the public and speak to our digitally connected youth in a way that appeals to them. To begin with, we digitised the curriculum presented in schools. The digital curriculum was then turned into an Augmented Reality (AR) game creating an AmanTECH Online Safety Challenge (AOSC) to help children learn how to protect their personal information on the internet, identify fake messages and manage cyberbullying. We took the AOSC AR game to seven different public parks across the country in February and March as part of the "Fun Days with Qatar e-Nature" series of family entertainment activities, further expanding the reach of our education programme.

Next, during the summer holidays when children spend a significant amount of time online, we invited all employees in the Qatar Science and Technology Park to learn how to setup parental safety settings and manage their child's online activity. The sessions included instructions on managing parental controls on YouTube, YouTube Kids, Snap Chat Map and other platforms.

In October and November, we took AmanTECH to the Digital Youth Festival, Tumuha Tec, on the side-lines of QITCOM 2019, the largest information and communications showcase in Qatar. The event was a fantastic opportunity to interact with the community and the thousands of school children who attended the event.

We ended the year by launching the AmanTECH Online Safety Challenge application on the new Vodafone AmanTECH app. The digital app provides an easy way to educate children about online safety from anywhere in any mobile device. The app can be downloaded for free on tablets or smartphones from the Apple Store and Google Play. The launch was supported by an online campaign encouraging parents to learn more about online safety and the resources provided by AmanTECH to help them teach their children.

Better Connections

The Better Connections Programme began in 2017 in collaboration with the Ministry of Transport and Communications and has become an essential part of the support system for around 2 million migrant workers in the country. Through this programme, we provide internet connectivity services and hardware devices in 1,500 labs across Qatar, supporting the migrant worker community's digital needs & education on a daily basis.

Giving back to the community

Vodafone for All

The "Vodafone for All" project is a product of the company's belief in their responsibility to provide connectivity to all residents and to overcome accessibility challenges.

"Vodafone for all" provides people with disabilities and retired citizens with a 50% discount on Vodafone plans and a 10% discount on selected handsets. This year, we worked with Sasol's Accessible Qatar initiative to conduct detailed accessibility audits on all our retail outlets. Accessibility experts confirmed a high-level of accessibility at our stores and made a number of recommendations for how this can be further enhanced. We are in the process of responding to these recommendations.

We are also proud that all of our flagship stores are staffed with retail advisors able to communicate using sign language. The Qatar Society for Rehabilitation of Special Needs delivered sign language training over a 10-day period that taught the foundations of sign language in addition to customer service skills and telecoms-related signs to Vodafone employees.

RED Easy Donations

"Red Easy Donations" is a monthly recurring charitable donation service for Postpaid customers. Customers are able to select a monthly donation amount between QR 100 and QR 300 to go to one or both of the participating charity organizations, Qatar Charity and Qatar Red Crescent. The selected charity receives one hundred percent of the donated amount. No additional fees are applied to either the customer or the charity organisation. In 2019, the Red Easy Donation program helped to raise over QR 300,000.

Ramadan Shukran

Vodafone's Shukran campaign - "thank you" in Arabic - spreads positivity throughout the holy month of Ramadan. Shukran encourages the community to appreciate everything and everyone in their lives. As part of this project, this year we partnered with Talabat to automatically donate an Iftar meal on behalf of customers who placed an order on Talabat during the month of Ramadan. This resulted in the donation of 14,000 Iftar meals that benefited Qatar Charity's "Feed the Fasting" programme. In addition for the second year in a row, we worked with the Hifz Al Naema Social Centre to distribute Ramadan food baskets to more than 200 families in need.

In partnership with Qatar Charity, we renovated a house for a low-income family as part of Qatar Charity's 'Tarmeem project'. The Tarmeem project works to restore homes for families in need across Qatar. The home renovation took just 7 days to complete with help from Vodafone Qatar employees and an assigned contracting company. We also installed GigaHome Wi-Fi in the home occupied by 7 family members giving them a free subscription to our home internet solution.

Small gestures with big impact

Students from Al Noor Center, an Institution for the visually impaired needed digital tools to help conduct their research. We provided them with smartphones containing new features that ease the use of smartphones for the visually impaired.

To support Qatari youth, we sponsored the Qatar CSR Report & Exhibition organised by Qatar University. The conference helps raise awareness about the importance of giving back and the responsibility we all share towards community.

We made a special contribution to Sidra Hospital's child care unit – In order to enhance the children's stay and rehabilitation at the hospital, Vodafone donated new electric cars. While in the care of the hospital, the child patients will drive themselves from their rooms to the surgery room. This gift has already enhanced many children's hospital experience.

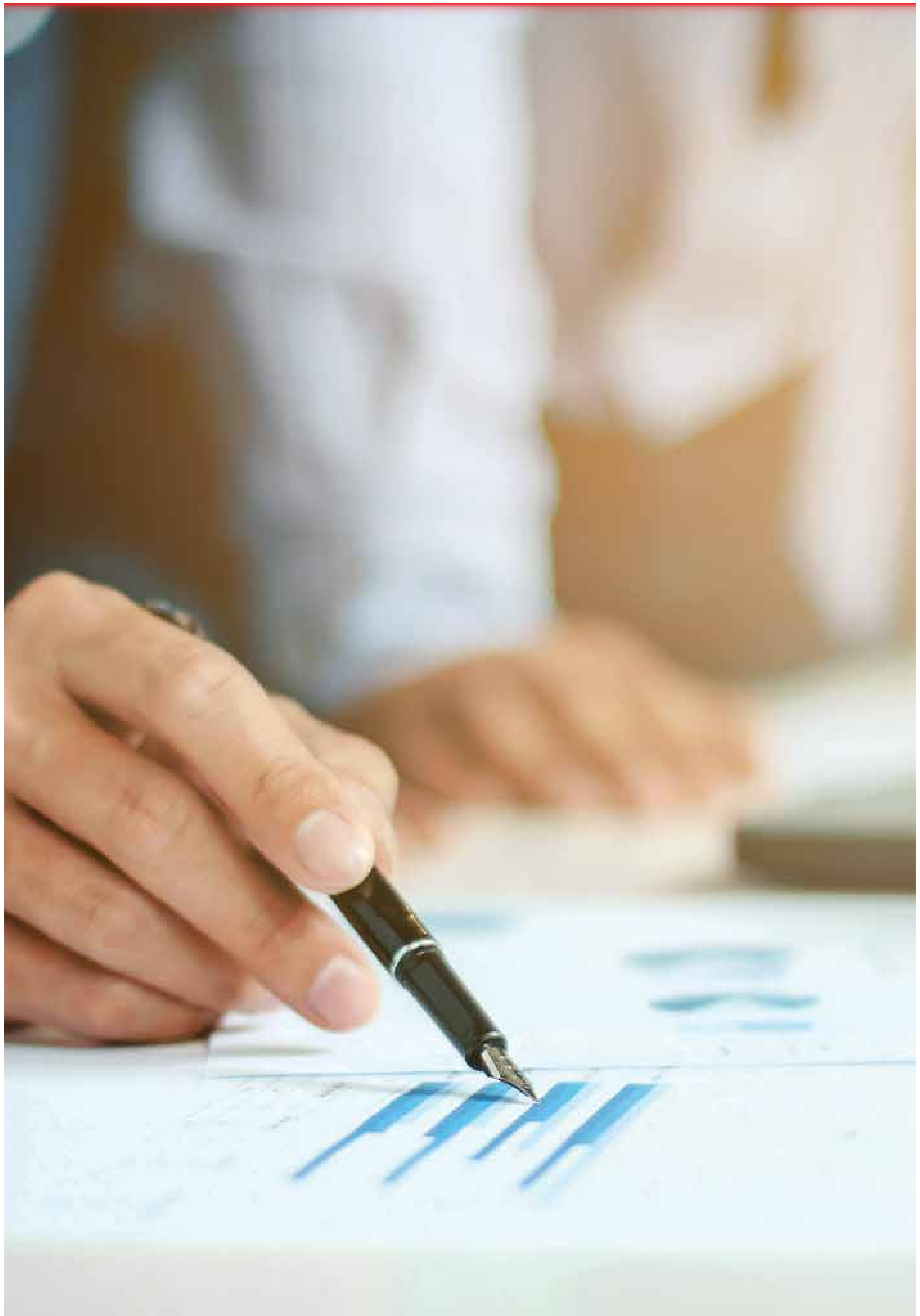
We ended the year by showing our support for the second year in a row to the 20th International Al Bawasil Diabetes Camp. The camp annually hosts around 100 children with diabetes from Qatar and MENA region. We provided all the telecommunication requirements for the camp.

Environmental protection

This year we made a commitment to kick-start environmental protection initiatives within our own company. We started by creating a more sustainable office, introducing recycling bins in our HQ and retail stores alongside an internal communications campaign to raise awareness about what steps employees can take to be more environmentally friendly. To encourage these healthy habits, we distributed reusable glass bottles to all our employees to cut down the number of plastic water bottles being consumed.

Across all Vodafone business units there is a conscious effort to reduce plastic use. This year we launched an environmental friendly SIM card made from 100% recyclable material. We also reduced the number of paper recharge cards that we were selling in the market from 35 different cards to only 8 cards. This has significantly simplified the customer experience and reduced the amount of paper that was needed to produce these cards.

6 Consolidated Financial Statements



INDEPENDENT AUDITOR'S REPORT

QR. 99-8

RN: 0487/BH/FY2020

To the shareholders of
Vodafone Qatar P.Q.S.C.
Doha, Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vodafone Qatar P.Q.S.C (the "Company"), and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Accuracy of revenue recognition and controls around IT subsystems The Group reported revenue of QR. [2,124,513] thousand from telecommunication and related activities. There is an inherent risk around the accuracy of revenue recognised given the complexity of the systems and business products and services. Complex IT systems are used in processing large volume of data through a number of different systems and consequently this matter has been identified as a key audit matter The following notes to the consolidated financial statements contain the relevant information related to the above discussed matters: Note [3] – Significant Accounting Policies Note [5] – Revenue Note [27] – Critical Accounting Judgments and Key Sources of Estimation Uncertainty	Our audit approach included a combination of test of controls and substantive procedures, in particular, the following: • Understanding the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports; • Understanding the control environment and testing the general IT controls over the main systems and applications involved in the revenue recording process. In doing so, we involved our IT specialists to assist in the audit of IT system controls. • Evaluating the design and implementation and testing the operating effectiveness of automated controls in the IT environment in which the core network and related systems reside, covering pervasive IT risks around access security, change management, data centre and network operations; • Performing substantive audit procedures on significant revenue streams including analytical procedures, reconciliation procedures and/ or test on the accuracy of customer bills on a sample basis, as applicable; • Assessing the appropriateness of the Group's accounting policy and the compliance of revenue recognized therewith; and • Assessing the overall presentation, structure and content of revenue related disclosures in notes [3], [5] and [27] to the consolidated financial statements to determine if they were in compliance with the requirements of IFRSs

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applicable provisions of Qatar Commercial Companies Law, and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance 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 those charged with governance, 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 and regulations preclude 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies Law, we report the following:

- We are of the opinion that proper books of account were maintained by the Group, physical inventory verification has been duly carried out and the contents of the director's report are in agreement with the Group's financial statements.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Associations were committed during the year which would materially affect the Group's consolidated financial position or its consolidated financial performance.

Doha – Qatar
February 3, 2020

For **Deloitte & Touche**
Qatar Branch

Walid Slim
Partner
License No. 319
QFMA Auditor License
No. 120156

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2019

	Notes	Year ended 31 December 2019 QR'000	Year ended 31 December 2018 QR'000
Revenue	5	**2,124,513**	2,101,061
Interconnection and other direct expenses	6	**(795,447)**	(784,888)
Network, rentals and other operational expenses	7	**(392,899)**	(495,811)
Employee salaries and benefits		**(227,189)**	(236,159)
Depreciation of property, plant and equipment	11	**(227,194)**	(256,047)
Amortisation of intangible assets	12	**(175,764)**	(169,066)
Depreciation of right-of-use assets	17	**(85,487)**	-
Loss on disposal of property, plant and equipment	11	**-**	(1)
Industry fee	9	**(18,086)**	(11,689)
Operating profit		**202,447**	147,400
Finance costs	21	**(33,719)**	(29,401)
Other financing costs	8	**(28,708)**	(5,674)
Profit from mudaraba		**3,655**	5,463
Profit for the year		**143,675**	117,788
Basic and diluted earnings per share (in QR per share)	10	**0.034**	0.028

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Year ended 31 December 2019 QR'000	Year ended 31 December 2018 QR'000
Profit for the year	**143,675**	117,788
Other comprehensive income	**-**	-
Total comprehensive income for the year	**143,675**	117,788

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 QR'000	31 December 2018 QR'000
Non-current assets			
Property, plant and equipment	11	**1,483,774**	1,292,463
Intangible assets	12	**4,471,288**	4,428,490
Right-of-use assets	17	**358,339**	-
Trade and other receivables	13	**36,641**	25,501
Total non-current assets		**6,350,042**	5,746,454
Current assets			
Inventories	16	**38,001**	35,289
Contract assets	14	**34,859**	26,660
Contract costs	15	**5,012**	4,421
Trade and other receivables	13	**366,957**	268,613
Cash and bank balances	18	**303,198**	401,278
Total current assets		**748,027**	736,261
Total assets		**7,098,069**	6,482,715
Equity			
Share capital	19	**4,227,000**	4,227,000
Legal reserve	20	**62,881**	51,493
Retained earnings		**229,592**	312,247
Total equity		**4,519,473**	4,590,740
Non-current liabilities			
Loans and borrowings	21	**820,000**	-
Provisions	22	**122,111**	103,047
Lease liabilities	17	**253,288**	-
Trade and other payables	23	**107,074**	53,246
Total non-current liabilities		**1,302,473**	156,293
Current liabilities			
Loans and borrowings	21	**-**	820,105
Lease liabilities	17	**120,837**	-
Trade and other payables	23	**1,155,286**	915,577
Total current liabilities		**1,276,123**	1,735,682
Total liabilities		**2,578,596**	1,891,975
Total equity and liabilities		**7,098,069**	6,482,715

These consolidated financial statements were approved by the Board of Directors on 03 February 2020 and were signed on its behalf by:

Abdulla bin Nasser Al Misnad	**Rashid Fahad Al-Naimi**
Chairman	Managing Director

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital	Legal reserve	Retained earnings/(Accumulated losses)			Total equity
			Distributable profits	Accumulated losses	Total	
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance as at 31 December 2017	8,454,000	41,400	247,943	(4,271,729)	(4,023,786)	4,471,614
Cumulative effect of first time adoption of IFRS 9	-	-	-	2,868	2,868	2,868
Cumulative effect of first time adoption of IFRS 15	-	-	-	1,415	1,415	1,415
Restated balance as at 1 January 2018	8,454,000	41,400	247,943	(4,267,446)	(4,019,503)	4,475,897
Impact of capital reduction (note 1)	(4,227,000)	-	-	4,227,000	4,227,000	-
Transfer of amount as per shareholders' approval (note 1)	-	-	(40,446)	40,446	-	-
Balances after capital reduction	4,227,000	41,400	207,497	-	207,497	4,475,897
Total comprehensive income for the year (note 20)	-	-	-	117,788	117,788	117,788
Transfer to distributable profits (note 20)	-	-	201,855	(201,855)	-	-
Transfer to legal reserve (note 20)	-	10,093	(10,093)	-	(10,093)	-
Transfer to social and sports fund (note 20)	-	-	(2,945)	-	(2,945)	(2,945)
Balance as at 31 December 2018	4,227,000	51,493	396,314	(84,067)	312,247	4,590,740
Balance as at 1 January 2019	**4,227,000**	**51,493**	**396,314**	**(84,067)**	**312,247**	**4,590,740**
Profit for the year	**-**	**-**	**-**	**143,675**	**143,675**	**143,675**
Total comprehensive income for the year (note 20)	**-**	**-**	**-**	**143,675**	**143,675**	**143,675**
Transfer to distributable profits (note 20)	**-**	**-**	**227,768**	**(227,768)**	**-**	**-**
Transfer to legal reserve (note 20)	**-**	**11,388**	**(11,388)**	**-**	**(11,388)**	**-**
Dividend for the year ended 31 December 2018 (note 29)	**-**	**-**	**(211,350)**	**-**	**(211,350)**	**(211,350)**
Transfer to social and sports fund (note 20.1)	**-**	**-**	**(3,592)**	**-**	**(3,592)**	**(3,592)**
Balance as at 31 December 2019	**4,227,000**	**62,881**	**397,752**	**(168,160)**	**229,592**	**4,519,473**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	Year ended 31 December 2019 QR'000	2018 QR'000
Cash flows from operating activities			
Net profit for the year		**143,675**	117,788
Adjustments for:			
Depreciation of property, plant and equipment	11	**227,194**	256,047
Amortisation of intangible assets	12	**175,764**	169,066
Depreciation of right-of-use assets		**85,487**	-
Profit from mudaraba		**(3,655)**	(5,463)
Other financing costs		**28,708**	5,674
Finance costs		**33,719**	29,401
Loss on disposal of property, plant and equipment		**-**	1
Change in operating assets and liabilities			
(Increase) / decrease in inventories		**(2,712)**	438
(Increase) / decrease in trade and other receivables		**(119,978)**	37,067
Increase in contract assets		**(8,199)**	(26,660)
Increase in contract costs		**(591)**	(4,421)
Increase in trade and other payables		**185,447**	132,030
Increase/(decrease) in provisions		**7,273**	(8,501)
Net cash flows from operating activities		**752,132**	702,467
Cash flows used in investing activities			
Purchase of property, plant and equipment	11	**(406,714)**	(340,348)
Purchase of intangible assets	12	**(138,876)**	(142,284)
Proceeds from disposal of property, plant and equipment		**-**	6,228
Movement in restricted bank accounts	18.1	**(5,813)**	1,273
Profit received from mudaraba		**3,655**	5,463
Cash flows used in investing activities		**(547,748)**	(469,668)
Cash flows used in financing activities			
Repayment of lease liabilities	17	**(74,218)**	-
Repayment of wakala contract	21	**(848,522)**	(27,533)
Proceeds from loans and borrowings	21	**820,000**	-
Dividend paid	23.1	**(205,537)**	(1,273)
Cash flows used in financing activities		**(308,277)**	(28,806)
Net (decrease) / increase in cash and cash equivalents		**(103,893)**	203,993
Cash and cash equivalents at the beginning of the year		**390,601**	186,608
Cash and cash equivalents at the end of the year	18	**286,708**	390,601

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Vodafone Qatar P.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 Economy and Commerce on 23 June 2008 under Commercial Registration No: 39656. The shares of the Company are listed on the Qatar Exchange.

Vodafone Group Plc was the ultimate parent of the Company until March 2018. However, pursuant to change in ownership of the immediate parent company i.e. Vodafone & Qatar Foundation LLC during the previous year, Qatar Foundation has now become the ultimate parent of the Company.

The Company is licensed by the Ministry of Transport and Communications (formerly 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 primarily regulated by the Communications Regulatory Authority (CRA) pursuant to Law No. 34 of 2006 (Telecommunications Law), the terms of its mobile and fixed licences and applicable regulations.

The Company is engaged in providing cellular mobile telecommunication services, fixed line and broadband services and selling 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.

On 25 March 2018, the Company was granted a 40 years' extension to its Public Mobile Telecommunications Network and Services Licence (the "Licence") as a result of which the Licence will expire on 28 June 2068.

In 2018, to extinguish accumulated losses associated with the amortisation costs of the Company's Telecommunications Networks and Services Licence, the Company implemented a reduction in the share capital from QR 8,454 million to QR 4,227 million by means of reducing the nominal value of the shares of the Company from QR 10 per share to QR 5 per share in accordance with the relevant provisions of Articles 201 to 204 of the Commercial Companies Law No.11 of 2015, and the Articles of Association of the Company. The remaining balance of accumulated losses was extinguished by transferring an amount of QR 40.45 million from distributable profits to accumulated losses. The Company obtained its shareholders' approval at the Company's Extraordinary General Assembly held on 19 March 2018. The capital reduction was approved by Qatar Financial Markets Authority on 19 September 2018 and by Ministry of Economy and Commerce on 11 October 2018 together with the approval of the amended Articles of Association. The authenticated and approved Articles of Association were published in the Official Gazette on 18 November 2018. The capital reduction transaction took effect on 15 November 2018 and had no impact whatsoever on value or the number of the shares held by shareholders or on the total equity, cash position or financial liquidity of the Company as of that date.

In 2019, to comply with the instructions of Qatar Financial Markets Authority, the Company implemented a 5 for 1 share split i.e. 5 new shares with a par value of QR 1 each were issued in exchange of 1 old share with a par value of QR 5 each. The Company obtained its shareholders' approval at the Company's Extraordinary General Assembly held on 4 March 2019. The share split was approved by Ministry of Economy and Commerce together with the approval of the amended Articles of Association on 22 May 2019. The listing of the new shares on Qatar Exchange was effective from 4 July 2019.

During the year, the Company established a fully owned subsidiary, Infinity Solutions LLC (the "Subsidiary"). The Subsidiary will provide various operational and administrative services directly to its parent company Vodafone Qatar P.Q.S.C. in specific business areas. As of reporting date, the Subsidiary is yet to commence its commercial operations.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), applicable provisions of Qatar Commercial Company Law and the Company's Articles of Association.

Accounting convention

These consolidated financial statements are prepared on a historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals, which is the Group's functional and presentation currency. All the financial information presented in Qatari Riyals has been rounded off to the nearest thousand (QR'000) unless indicated otherwise.

2. BASIS OF PREPARATION (CONTINUED)

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS 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 date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting year. For a discussion on the Group's critical accounting estimates see "Critical accounting judgements and key sources of estimation uncertainty" under note 27. Actual results could differ from those 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities:

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the Subsidiary together constituting "the Group".

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the Subsidiary are consistent with the policies adopted by the Group.

If the Subsidiary is not fully owned, non-controlling interests in the results and equity of the subsidiary are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interest

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Revenue recognition

The Group recognises revenue from providing the following telecommunication services: access charges, airtime usage, messaging, interconnect fees, data broadband services and information provision, connection fees and equipment sales.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group sells equipment/accessories both to the wholesale market and directly to customers through its own retail outlets. Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

For sale of equipment to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of equipment to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the equipment.

Under the Group's standard contract terms, customers have a right of return within 7 days. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of immaterial returns over previous years.

Revenue from access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Revenue from data services and information provision is recognised when the Group has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service. Revenue from interconnect fees is recognised at the time the services are performed.

Interconnection and other direct expenses

Interconnection and other expenses include interconnection charges, commissions and dealer charges, regulatory costs, cost of equipment sold, bad debt costs and other direct and access costs.

Interconnection and roaming costs

Costs of network interconnection and roaming with other domestic and international telecommunications operators are recognised in the consolidated statement of income on an accrual basis based on the actual recorded traffic usage.

Commissions and dealer costs

Intermediaries are given cash incentives by the Group to connect new customers, upgrade existing customers, and distribute recharge cards. These cash incentives are recognised in consolidated statement of income on an accrual basis. Commission related to the acquisition of new customers is capitalised and amortised over the contract period.

Regulatory costs

The annual license fee, spectrum charges and numbering charges are accrued as other operational expenses based on the terms of the License Fee Agreement and relevant applicable regulatory framework issued by the CRA.

Leases – [Upon adoption of IFRS 16 – applicable from 1 January 2019]

The Group leases various offices, cell sites, warehouses, ducts, retail stores and equipment. Rental contracts are typically made for fixed periods of 5-10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and leased assets are not used as security for borrowing purposes.

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for certain short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment's policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the consolidated statement of income.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Operating leases- [Lease under IAS 17, applicable before 1 January 2019]

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at the currency rate prevailing at the date of the transaction. Any differences on settlement of the transaction are immediately recognised in the consolidated statement of income. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Borrowing costs

The borrowing costs incurred on funding construction of qualifying assets are capitalised as being part of cost of construction. All other borrowing costs are recognised on an accrual basis using the effective yield method in the consolidated statement of income during the year in which they arise.

Income tax

As per Income Tax Law No. 24 of 2018, corporate income tax is levied on companies that are not wholly owned by Qataris or any GCC nationals, based on the net profit of the Group. As per the provisions of the law, the Group is not subject to corporate income tax as it is listed on the Qatar Stock Exchange.

Property, plant and equipment

Recognition and measurement

Furniture and fixtures and network, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Assets in the course of construction are carried at cost, less any recognised impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable for bringing the assets to a working condition for their intended use, capitalised borrowing costs and estimated discounted costs for dismantling and restoration of the sites, where the Group has an obligation to restore the sites.

Depreciation

Depreciation of these assets commences when the assets are ready for use as intended by the management. Depreciation is charged so as to write off the cost of assets, other than assets under construction, over their estimated useful lives using the straight line method as follows:

Leasehold improvements	Lease term
Network infrastructure	3 - 25 years
Other equipment	1 - 5 years
Furniture and fixtures	5 years
Others	3 - 5 years

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured. Intangible assets include license fees, software and indefeasible rights of use ("IRU"). Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortization and impairment loss, if any.

License

Licence is stated at cost less accumulated amortisation. The amortisation period is determined primarily by reference to the unexpired licence period, the conditions for the licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives from the commencement of service of the network. The estimated useful lives of the mobile and fixed line licenses are 60 years and 25 years respectively.

Indefeasible rights of use ("IRU")

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an intangible asset when the Group has the indefeasible right to use a specific asset, generally specific optical fibres or dedicated wavelengths on specific cables, and the duration of the right is for the major part of the underlying asset's economic life. IRU's are considered as intangible assets with finite lives based on the contractual period/term.

Other finite lived intangible assets (including software)

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in consolidated statement of income on a straight line basis (3 to 5 years).

Capital work in progress

Capital work-in-progress is transferred to the related property, plant and equipment or intangible assets when the construction or installation and related activities necessary to prepare the property, plant and equipment or intangible assets for their intended use have been completed, and related assets are ready for operational use.

Impairment of assets

Property, plant and equipment and finite lived intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Recoverable amount is the higher of value in use and fair value less cost of disposal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average cost and comprises direct materials and, where applicable, direct labour cost and those overheads that have been incurred in bringing the inventories to their present location and condition.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of Qatar Labour Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where required to a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Financial Instruments

Non-derivative financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Financial assets recognised by the Group include:

Trade receivables and contract assets

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances, historical experience or when the counterparty has been placed under liquidation or entered into bankruptcy proceedings. Individual trade receivables are provided as per Expected Credit Loss ("ECL") policy and written off when management deems them not to be collectible based on above mentioned criteria.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and Mudaraba deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Mudaraba is a short term bank deposit made by the Group under the terms of Sharia principles. The profit from such deposits is accrued in the consolidated statement of income on periodic basis.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables, contract assets and lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses for trade receivables, contract assets and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For trade receivables, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; (ii) default or delinquency in interest or principal payments; or (iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group' financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the same is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss.

Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. Foreign exchange gains and losses on financial liabilities that are not part of a designated hedging relationship are recognised in consolidated statement of income. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Financial liabilities recognised by the Group include:

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Wakala contract liabilities

The Group entered into a wakala contract in the capacity of a wakil. Wakala is an agreement between two parties whereby one party (the "Muwakkil") provides funds ("Investment Amount") to an agent (the "Wakil"), to invest on their behalf in accordance with the principles of Sharia. The Investment Amount is available for unrestricted use for capital expenditure, operational expenses and for settlement of liabilities.

If profits are made, the Wakil will pay an agreed-upon share of these profits to the Muwakkil. The Investment Amount is repaid back at the end of the investment period along with any accumulated profits. Hence Wakala contract are stated at amortised cost in the consolidated statement of financial position. The attributable profits are recognised as wakala contract costs in the consolidated statement of income on a time apportionment basis, taking account of the anticipated profit rate and the balance outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Term Finance Loan

Term Finance Loan is recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, term finance loan is measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability. Gains or losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred except those eligible for capitalisation.

Equity instruments

Ordinary shares issued by the Group are classified as equity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Derivative financial instruments

The Group uses derivative financial instruments to reduce its financial risks due to changes in foreign exchange rates. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

Dividend on ordinary share capital

Dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividend is approved by the shareholders. Dividend for the year that is approved after the consolidated statement of financial position date is dealt with as a non-adjusting event after the balance sheet date.

4. SEGMENT REPORTING

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance of the components. The functions of the CODM are performed by the Board of Directors of the Group.

(a) Description of products and services from which each reportable segment derives its revenue and factors that management used to identify the reportable segments

The Group 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 Group. Fixed line services are reported in the same operating segment as they are currently insignificant to the overall business. The Group does not have any customer segment for which the revenues exceeds 10% of the total revenue of the Group.

(b) Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on IFRS adjusted to meet the requirements of internal reporting. Such financial information does not significantly differ from that presented in these consolidated financial statements.

5. REVENUE

	Year ended 31 December	
	2019	2018
	QR'000	QR'000
Revenue from pre-paid mobile services	**656,171**	854,811
Revenue from post-paid mobile services	**1,021,077**	846,321
Sale of equipment (mobile/network) and accessories	**175,661**	197,465
Other revenue	**271,604**	202,464
	2,124,513	2,101,061

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines:

	Year ended 31 December	
	2019	2018
	QR'000	QR'000
Disaggregation of revenue – over time		
Pre-paid and post-paid services	**1,677,248**	1,701,132
Sale of equipment (mobile/network) and accessories	**30,517**	24,916
Other services	**271,604**	202,464
	1,979,369	1,928,512
Disaggregation of revenue – at a point in time		
Sale of equipment (mobile/network) and accessories	**145,144**	172,549
	145,144	172,549
Total revenue	**2,124,513**	2,101,061

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2019 amounted to QR 91.64 million (2018: QR143 million).

Management expects 100% of the transaction price allocated to the unsatisfied contracts as of the year ended 31 December 2019 will be recognised as revenue during the next reporting period.

6. INTERCONNECTION AND OTHER DIRECT EXPENSES

	Year ended 31 December	
	2019	2018
	QR'000	QR'000
Interconnection and roaming costs	**391,638**	421,873
Equipment and other direct costs	**196,853**	196,009
Commissions and dealer costs	**131,353**	101,800
Regulatory costs	**37,452**	36,090
Provision for expected credit losses	**38,151**	29,116
	795,447	784,888

Provision for expected credit losses is net of collections from previously written off balances of QR 4.4 million (2018: QR 3.4 million).

7. NETWORK, RENTALS AND OTHER OPERATIONAL EXPENSES

	Year ended 31 December	
	2019	2018
	QR'000	QR'000
Operating lease rentals	**53,578**	151,791
Network and other operational expenses	**339,321**	344,020
	392,899	495,811

Decrease in operating lease rentals is attributed to change in accounting for lease arrangements upon adoption of IFRS 16 Leases by the Group, effective 1 January 2019. Refer note 28 for details about modified retrospective approach of IFRS 16 adoption.

8. OTHER FINANCING COSTS

Other financing costs include unwinding of discounted portion of asset retirement obligations (note 22.1). This also includes interest expense on lease liabilities amounted to QR 15 million (note 17) and certain other ancillary costs.

9. INDUSTRY FEE

In accordance with its operating licenses for Public Telecommunications Networks and Services granted in Qatar by ictQatar, now referred to as the Communications Regulatory Authority (CRA), the Company is liable to pay to the CRA an annual industry fee which is calculated at 12.5% of adjusted net profit on regulated activities.

10. BASIC AND DILUTED EARNINGS PER SHARE

	Year ended 31 December	
	2019	2018
	QR'000	QR'000
Profit for the year (QR '000)	**143,675**	117,788
Weighted average number of shares (in thousands)	**4,227,000**	4,227,000
Basic and diluted earnings per share (QR)	**0.034**	0.028

As a result of the share split, the weighted average number of shares and the earnings per share has been retrospectively adjusted and the comparatives have been restated. Refer note 19.1 for further details. There is no dilutive element and hence the basic and diluted shares are the same.

11. PROPERTY, PLANT AND EQUIPMENT

	Network and equipment	Furniture and fixtures	Total
	QR'000	QR'000	QR'000
Cost:			
At 1 January 2018	2,212,658	222,895	2,435,553
Additions	339,001	7,605	346,606
Disposals	(20,668)	(2,156)	(22,824)
At 31 December 2018	2,530,991	228,344	2,759,335
Additions	412,584	5,921	418,505
At 31 December 2019	**2,943,575**	**234,265**	**3,177,840**
Accumulated depreciation:			
At 1 January 2018	1,065,816	167,759	1,233,575
Charge for the year	236,432	19,615	256,047
Disposals	(20,631)	(2,132)	(22,763)
Reclassification	13	-	13
At 31 December 2018	1,281,630	185,242	1,466,872
Charge for the year	210,768	16,426	227,194
Disposals	-	-	-
At 31 December 2019	**1,492,398**	**201,668**	**1,694,066**
Net book value:			
At 31 December 2019	**1,451,177**	**32,597**	**1,483,774**
At 31 December 2018	1,249,361	43,102	1,292,463

The net book value of property, plant and equipment includes assets under construction amounting to QR 139 million (2018: QR 164 million), which are not depreciated.

The net book value of property, plant and equipment includes the net book of the asset related to asset retirement obligation amounting to QR 49.84 million (2018: 48.13 million)

During the year, the Group conducted a review of expected useful economic lives (UEL) of its assets. The change in accounting estimate for the useful economic lives of assets has resulted in a decrease in the depreciation charge for the year by QR 60.2 million (refer note 27).

12. INTANGIBLE ASSETS

	License	Software	Indefeasible right to use	Total
	QR'000	QR'000	QR'000	QR'000
Cost:				
At 1 January 2018	7,726,000	967,163	20,712	8,713,875
Additions	-	91,120	51,164	142,284
Disposals	-	(9,363)	(10,343)	(19,706)
At 31 December 2018	7,726,000	1,048,920	61,533	8,836,453
Additions	-	218,562	-	218,562
At 31 December 2019	**7,726,000**	**1,267,482**	**61,533**	**9,055,015**
Accumulated amortisation:				
At 1 January 2018	3,492,583	752,677	7,188	4,252,448
Charge for the period- Note 12.1	84,067	83,230	1,769	169,066
Disposals	-	(9,293)	(4,245)	(13,538)
Reclassifications	(13)	-	-	(13)
At 31 December 2018	3,576,637	826,614	4,712	4,407,963
Charge for the period	84,093	85,766	5,905	175,764
At 31 December 2019	**3,660,730**	**912,380**	**10,617**	**4,583,727**
Net book value:				
At 31 December 2019	**4,065,270**	**355,102**	**50,916**	**4,471,288**
At 31 December 2018	4,149,363	222,306	56,821	4,428,490

12.1 In year 2018, the Company was granted a 40 year's extension to its Mobile Telecommunication Network and Services License (the License") at no additional cost. As a result of the extension, the License will expire on 28 June 2068 as it was originally granted to the Company on 29 June 2008 for a period of 20 years. The extension of the License and its useful economic life has resulted in a substantial reduction in the annual amortization charge compared to previous years.

12.2 The net book value of software includes software under development amounting to QR 129.5 million (2018: QR 37.2 million) which are not amortised.

13. TRADE AND OTHER RECEIVABLES

	31 December 2019 QR'000	31 December 2018 QR'000
Non-current assets:		
Prepayments	**36,641**	25,501
Current assets:		
Trade and other receivables – net	**305,922**	231,634
Prepayments	**54,312**	27,536
Due from related parties (note 24)	**6,723**	9,443
	366,957	268,613

Trade and other receivables are net of the ECL provision amounting to QR 109.2 million (2018: QR 66.6 million).

No interest is charged on outstanding trade receivables. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all non-government receivables over 180 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- development of ECL models, including the various formulas and choice of inputs
- determining the criteria if there has been a significant increase in credit risk, therefore allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- the segmentation of financial assets when their ECL is assessed on a collective basis; and
- determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs)

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

31 December 2019	Up to 30 days	31 – 60 days	61– 90 days	91–180 days	Above 180 days	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	3% – 8%	12% – 40%	20% – 60%	29% – 84%	100%	
Gross carrying amount	209,826	30,550	16,496	42,360	115,878	415,110
Loss allowance						109,188

31 December 2018	Up to 30 days	31 – 60 days	61– 90 days	91–180 days	Above 180 days	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	3% – 6%	8% – 24%	15% – 42%	23% – 70%	100%	
Gross carrying amount	139,069	35,827	18,823	31,501	73,060	298,280
Loss allowance						66,646

There is no loss allowance provided against bank balances, contract asset and due from related parties as there is no material expected credit loss risk associated with these financial assets.

The following table shows the movement in expected credit losses that has been recognised for trade and other receivables:

	Year ended 31 December 2019 QR'000	2018 QR'000
Balance as at 1 January 2018 under IAS 39	**-**	60,869
Adjustment upon application of IFRS 9	**-**	(2,868)
Balance at beginning of the year	**66,646**	58,001
Expected credit loss allowance recognised during the year	**42,542**	32,493
Amounts written off during the year	**-**	(23,848)
Balance at end of the year	**109,188**	66,646

14. CONTRACT ASSETS

Amounts relating to contract assets are balances earned but not yet billed to the customers. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for telecommunication services is not due from the customer until the bill run is complete and therefore a contract asset is recognised over the period in which the telecommunication services are performed to represent the Group's right to consideration for the services transferred to date.

There were no impairment losses recognised on any contract asset in the reporting period (2018: QR Nil).

The management of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects.

15. CONTRACT COSTS

This represents customer acquisition cost incurred by the Group. The amount is classified as a current asset and amortised over customers' lock in period.

16. INVENTORIES

	31 December 2019 QR'000	31 December 2018 QR'000
Handsets	**36,405**	33,628
Scratch cards and accessories	**1,596**	1,661
	38,001	35,289

Inventory is reported net of allowance for obsolescence, an analysis of which is as follows:

	31 December 2019 QR'000	31 December 2018 QR'000
Balance at beginning of the year	**2,794**	3,437
Amounts debited/ (credited) to consolidated statement of income	**1,280**	(643)
Balance at end of the year	**4,074**	2,794

17. LEASES AND RIGHT-OF-USE ASSETS

The Group leases various offices, cell sites, warehouses, ducts, retail stores and equipment. Rental contracts are typically for fixed periods of 5-10 years but may have extension options.

Below is the movement in right-of-use assets:

	31 December 2019
	QR'000
Balance at beginning of the year – as per initial adoption of IFRS 16	412,149
New leases added during the year	31,677
Depreciation expense on right-of-use of assets	(85,487)
Balance at end of the year	358,339

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019	01 January 2019
	QR'000	QR'000
Exchange and network assets	296,800	361,362
Buildings/ offices	32,437	28,902
Duct access	29,102	21,885
Total right-of-use assets	358,339	412,149

Below is the movement in lease liabilities:

	31 December 2019
	QR'000
Balance at beginning of the year – as per initial adoption of IFRS 16	401,655
New lease added during the year	31,677
Interest expense for the year	15,011
Payments made during the year	(74,218)
Balance at end of the year	374,125

Presented in consolidated statement of financial position as:

	31 December 2019
	QR'000
Current lease liabilities	120,837
Non-current lease liabilities	253,288
	374,125

18. CASH AND BANK BALANCES

Cash and bank balances at the end of the financial period as shown in the consolidated statement of cash flows are as follows:

	31 December 2019	31 December 2018
	QR'000	QR'000
Mudaraba deposits	50,000	189,000
Cash at bank	253,098	212,178
Cash on hand	100	100
Total cash and bank balances	303,198	401,278
Less: Balance with restricted bank accounts – note 18.1	(16,490)	(10,677)
Cash and cash equivalents	286,708	390,601

18.1 This comprises funds maintained for uncollected shareholder dividends as per note 23.1.

18.2 There were no impairment losses recognised on cash and bank balances in the reporting period (2018: QR Nil).

19. SHARE CAPITAL

	31 December 2019		31 December 2018	
	Number	QR'000	Number	QR'000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QR 1 each (2018: QR 5 each) -note 19.1	4,227,000,000	4,227,000	845,400,000	4,227,000

19.1 In line with instructions from Qatar Financial Markets Authority (QFMA), the Company's Extraordinary General Assembly on 4 March 2019 approved a 5 for 1 share split i.e. 5 new shares with a par value of QR 1 each were issued in exchange for 1 old share with a par value of QR 5 each. This has led to an increase in the number of authorized, allotted, issued and fully paid up shares from 845,400,000 to 4,227,000,000. The listing of the new shares on Qatar Exchange was effective from July 04, 2019. There has been no change to the share capital of the Company as a result of the share split.

20. LEGAL RESERVE AND DISTRIBUTABLE PROFITS

The Company was incorporated under Article 68 of the Qatar Commercial Companies' Law No. 5 of 2002. This law was subsequently replaced by Qatar Commercial Companies Law No.11 of 2015.

The Articles of Association of the Company were amended after the introduction of Qatar Commercial Companies Law No.11 of 2015 and subsequently approved by the Ministry of Economy and Commerce.

The legal reserve and distributable profits of the Company are determined in line with its Article of Association.

Legal reserve:

The excess of issuance fees collected over the issuance cost during the initial public offering of the ordinary shares has been transferred to the legal reserve as required by Article 154 of Qatar Commercial Companies Law No. 5 of 2002. Further, as per the Articles of Association of the Company, 5% of annual distributable profits should be transferred to a separate legal reserve. The General Assembly may discontinue this deduction if the legal reserve reaches 10% of the paid up capital.

Distributable profits:

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

	Year ended 31 December 2019		Year ended 31 December 2018	
	QR'000	QR'000	QR'000	QR'000
Balance at beginning of the year		396,314		247,943
Transfer to accumulated losses		-		(40,446)
Net profit	143,675		117,788	
Amortisation of license fee	84,093		84,067	
Transfer to distributable profits		227,768		201,855
Transfer to legal reserve		(11,388)		(10,093)
Dividend for the year ended 31 December 2018		(211,350)		-
Transfer to social and sports fund (note 20.1)		(3,592)		(2,945)
Balance at year end		397,752		396,314

20.1 Social and sports fund

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the Company is required to contribute 2.5% of its annual net profits to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income in the statement of changes in equity.

21. LOANS AND BORROWINGS

	31 December 2019 QR'000	31 December 2018 QR'000
Wakala contract - Note 21.1	-	820,105
Term finance loan - Note 21.2	820,000	-
Total	820,000	820,105

Presented in the consolidated statement of financial position as:

Loans and borrowings	820,000	820,105
Non-current liabilities	820,000	-
Current liabilities	-	820,105
	820,000	820,105

21.1 Wakala Contract

	31 December 2019 QR'000	31 December 2018 QR'000
Balance at beginning of the year	820,105	818,237
Wakala profit accumulation for the year	28,417	29,401
Repayment during the year	(848,522)	(27,533)
Balance at year end	-	820,105

The Group entered into a Sharia compliant wakala contract with Vodafone Finance Limited for USD 330 million on 18 November 2014 (the "Wakala Contract"). The facility had a tenure of five years at an agreed profit share based on six month LIBOR plus a margin of 0.75%. The facility was availed on 15 December 2014. The facility was guaranteed by Qatar Foundation for Education, Science and Community Development.

The wakala investment was renewed on 31 March and 30 September every year to reset the profit rates without cash settlement. The accumulated profits were then reinvested by the Muwakkil. The Wakala contract was due for repayment five years from the origination date i.e. 18 November 2014. Accordingly, this liability was fully settled during the year.

21.2 Term Finance Loan

The Group entered into a Facility Agreement with a local bank for QR 820 million on 29 October 2019 ("the facility") at an agreed interest rate of QMRL less 25 BPs. The facility of QR 820 million was availed on 12 November 2019 for a term of five years. The facility is repayable in 16 equal quarterly installments of QR 51.25 million each starting February 2021. The facility is secured against general assignment agreement. Interest of QR 5.3 million was incurred during the year on the facility.

The Group also secured a long-term financing facility of QR 911 million on 27 May 2018 from a local bank. As of reporting date, no amounts were drawn by the Group against this long- term financing facility.

22. PROVISIONS

	31 December 2019 QR'000	31 December 2018 QR'000
Asset retirement obligations (note 22.1)	85,894	69,772
Employees' end of service benefits (note 22.2)	36,217	33,275
	122,111	103,047

22.1 Asset retirement obligations

In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with decommissioning. The associated cash outflows are substantially expected to occur at the dates of exit of the assets to which they relate, which are long term in nature.

During the year, the Group recorded an additional provision of QR 16.1 million (2018: QR 9.8 million) on account of new sites added and unwinding of discount for liability. An amount of QR 11.8 million (2018: QR 6.3 million) was capitalized as additions of property, plant and equipment which has been excluded from the purchase of property, plant, and equipment in consolidated statement of cash flows.

22.2 Employees' end of service benefits

	Year ended 31 December 2019 QR'000	2018 QR'000
Balance at beginning of the year	33,275	31,009
Charge for the year	9,445	9,546
Payments during the year	(6,503)	(7,280)
Balance at year end	36,217	33,275

23. TRADE AND OTHER PAYABLES

	31 December 2019 QR'000	31 December 2018 QR'000
Non-current liabilities:		
Supplier payables	107,074	53,246
Current liabilities:		
Trade payables	703,693	269,489
Accruals	310,199	505,602
Deferred income	86,327	104,148
Contract liabilities	156	801
Other payables	34,829	21,915
Dividend payable (note 23.1)	16,490	10,677
Payable to social and sports fund (note 20.1)	3,592	2,945
	1,155,286	915,577

23.1 Dividend payable

	Year ended 31 December 2019 QR'000	2018 QR'000
Balance at beginning of the year	10,677	11,950
Dividend for the year ended 31 December 2018 (note 29)	211,350	-
Dividend paid in cash	(205,537)	(1,273)
Balance at year end	16,490	10,677

24. RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group and companies controlled, jointly controlled or significantly influenced by those parties.

During the year 2018, there was a change in the ultimate ownership of the Group, as a result of which Vodafone Group Plc controlled entities are no longer related parties of the Group as of reporting date. For that reason, all amounts payable to/receivable from Vodafone Group Plc controlled entities were reclassified as trade payables, trade receivables or other third party liabilities based on their nature.

For the purpose of faithful representation of events and transactions, presented below is the following:

- Transactions with Vodafone Group Plc controlled entities until the date of change in the related party status.
- Transactions with Qatar Foundation controlled entities after the date of change in the related party status and the balances as of reporting date

	Year ended 31 December 2019 QR'000	2018 QR'000
Sales of goods and services		
Vodafone Group Plc controlled entities	-	10,359
Qatar Foundation controlled entities	45,944	40,876
Purchases of goods and services		
Vodafone Group Plc controlled entities	-	44,908
Qatar Foundation controlled entities	22,388	72,960
Wakala contract costs		
Vodafone Finance Limited	-	6,089

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Goods and services are bought from related parties at prices approved by management, as being on an arm›s length basis. Balances arising from transactions with related parties are as follows:

Balances arising from transactions with related parties are as follows:

	31 December 2019	31 December 2018
	QR'000	QR'000
Receivables from related parties:		
Qatar Foundation controlled entities	**6,723**	9,443
Payables to related parties:		
Qatar Foundation controlled entities	**6,870**	264

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest. No impairment losses were recognised for balances due from related parties during the period (2018: Nil). The payables to related parties arise mainly from purchase transactions and bear no interest.

Compensation of key management personnel

Key management personnel include the Board of Directors, Managing Director, Chief Executive Officer (CEO) and the executives who directly report to the CEO. Compensation of key management personnel are as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
	QR'000	QR'000
Salaries and short-term benefits	**28,993**	24,574
Employees' end of service benefits	**649**	615
	29,642	25,189

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management

The following table summarises the capital structure of the Group:

	31 December 2019	31 December 2018
	QR'000	QR'000
Loans and borrowings	**820,000**	820,105
Cash and bank balances	**(303,198)**	(401,278)
Net debt	**516,802**	418,827
Total equity	**4,519,473**	4,590,740
Gearing ratio	**11.44%**	9.12%

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

Financial instruments

Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in note 3 to these consolidated financial statements.

Categories of financial instruments

	31 December 2019	31 December 2018
	QR'000	QR'000
Financial assets at amortised cost:		
Cash and cash equivalents	**286,708**	390,601
Contract assets	**34,859**	26,660
Trade and other receivables (excluding prepayments)	**312,645**	241,077
Financial liabilities at amortised cost:		
Trade and other payables (excluding accruals and deferred income)	**865,834**	359,073
Loans and borrowings	**820,000**	820,105

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value measurements are analysed by levels in the fair value hierarchy as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobserved inputs)

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values due to the short maturity period.

Reconciliation of liabilities arising from financing activities

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	At 1 January 2019	Financing cash flows	Non cash changes*	At 31 December 2019
	QR'000	QR'000	QR'000	QR'000
Loans and borrowings	820,105	28,522	(28,627)	820,000
Dividend payable	10,677	(205,537)	211,350	16,490

	At 1 January 2018	Financing cash flows	Non cash changes*	At 31 December 2018
	QR'000	QR'000	QR'000	QR'000
Loans and borrowings	818,237	(27,533)	29,401	820,105
Dividend payable	11,950	(1,273)	-	10,677

* This comprise finance cost and dividend declared.

Financial Risk Management

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies and hence exposed to risks on exchange rate fluctuations. The Group uses currency forwards to mitigate its financial risks on foreign exchange rates. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Majority of foreign currency receivable/payable balances are in US$ which is pegged against QR. Therefore, these receivable/payable balances are not exposed to foreign currency exchange rate fluctuation risk. The Group has an insignificant amount of receivable/payable balances in Euro and other currencies where effect of any 10% increase/decrease in foreign exchange rates is expected to be equal and opposite to QR 0.8 million (2018 QR 0.8 million).

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk management

The Group is liable to pay interest on Term Finance Loan facility, which is aggregate of the applicable margin and QMR-L. Every one percent rise or fall in QMR-L would increase or reduce the total profit of the Group for the financial year by QR 1.12 million (2018: QR 8.3 million for profit rate on Wakala Contract).

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Movement in provision for expected credit losses account is presented in note 13. The following table presents ageing of trade receivables (gross):

	31 December 2019	31 December 2018
	QR'000	QR'000
0 – 30 days	**209,826**	139,069
31 – 60 days	**30,550**	35,827
61 – 90 days	**16,496**	18,823
91 – 180 days	**42,360**	31,501
Over 180 days	**115,878**	73,060
	415,110	298,280

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Carrying amount	
	31 December 2019	31 December 2018
	QR'000	QR'000
Cash and cash equivalents	**286,708**	390,601
Trade and other debit balances (excluding prepayments)	**312,645**	241,077
	599,353	631,678

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and adequate loans and borrowings, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2019	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables excluding deferred income	**1,068,801**	**54,303**
Loans and borrowings	**-**	**820,000**

At 31 December 2018	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables excluding deferred income	810,629	53,246
Loans and borrowings	820,105	-

All of the Group's non-derivative financial assets are expected to mature within one year.

26. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

	31 December 2019	31 December 2018
	QR'000	QR'000
Contracts placed for future capital expenditure not provided for in the consolidated financial statements	**749,384**	39,794

Contingent liabilities

	31 December 2019	31 December 2018
	QR'000	QR'000
Performance bonds	**34,815**	49,678
Tender bonds	**1,860**	5,880
Credit and payment guarantees – third party indebtedness	**53,673**	38,228

Performance bonds

Performance bonds require the Group to make payments to third parties in the event that the Group does not perform what is expected of it under the terms of any related contracts.

Tender bonds

This comprise bonds submitted at the time of submission *of tenders.*

Credit and payment guarantees – third party indebtedness

Credit guarantees comprise guarantees and indemnity of *bank or other facilities.*

Operating leases commitments

Short term operating commitments amounted to QR 1.28 million as of 31 December 2019 that are expected to be settled within 12 months period.

27. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group prepares its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board, the application of which often requires judgments to be made by management when formulating the Group's financial position and results. Under IFRS, the directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and accordingly provide an explanation of each below. The discussion below should also be read in conjunction with the Group's disclosure of significant IFRS accounting policies, which is provided in note 3 to the consolidated financial statements.

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before financing income/costs, tax, depreciation and amortisation, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long term growth rates;
- expected costs to renew the license; and
- the selection of discount rates to reflect the risks involved.

27. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The Group has considered all the internal and external indicators to assess whether there are any indicators of impairment during the year. Based on assessment performed, the Group concluded that there have been no events or change in circumstances which indicates that carrying amounts of assets may not be recoverable. Hence, no impairment testing is performed.

Revenue recognition

Acquisition revenue is amortized over maximum lock in period of the customer which is three months in the State of Qatar.

The Group give its customers the option to return the handsets within a period of 7 days of purchase. Keeping in view the negligible numbers of returns in the history, no provision is made with regard to return of goods sold.

The Group operates a loyalty programme through which retail customers accumulate points on purchases of goods and services that entitle them to discounts on future purchases. As per customer loyalty program, reward points to the extent of 2% of the revenue are provided to the customers. Based on history, Management estimates that only 25% of the customers opt to redeem these points.

Revenue presentation: gross versus net

When deciding the most appropriate basis for presenting revenue and costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost. Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis, with revenue representing the margin earned. Transit revenue is recognised on a gross basis as the Group assumes credit risk and acts as a principal in the transactions.

Estimation of useful life

The useful life used to depreciate/amortise assets relates to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of tangible and intangible assets is as follows:

Intangible assets

The estimated useful life is generally the term of the licence unless there is a presumption of renewal at negligible cost. Using the licence term reflects the period over which the Group will receive economic benefit. For technology specific licences with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the licence. The economic lives are periodically reviewed taking into consideration such factors as changes in technology.

The management determines the estimated useful lives of its other intangible assets for calculating amortisation. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the asset.

Property, plant and equipment

Property, plant and equipment represents a significant proportion of the asset base of the Group being 21% (2018: 20%) of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated statement of income.

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Change in accounting estimate of useful economic lives of property plant and equipment

During the year, the Group conducted a review of expected useful economic lives (UEL) of its assets to align the accounting estimates with Group's revised future expected use. As a result, the UEL of assets has changed as follows:

	Previous UEL	Revised UEL
Leasehold improvements	Lease term	Lease term
Network infrastructure	4 - 25 years	3 - 25 years
Other equipment	1 - 5 years	1 - 5 years
Furniture and fixtures	4-8 years	5 years
Others	3 - 5 years	3 - 5 years

The change in accounting estimate for the useful economic lives of assets has resulted in a decrease in the depreciation charge for the year by QR 60.2 million.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. Inventories which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Asset retirement obligation

A provision for asset retirement obligation exists where the Group has a legal or constructive obligation to remove an infrastructure asset and restore the site. Asset retirement obligation is recorded at the present value of expected costs to settle the obligation using estimated cash flows and is recognised as part of the particular asset. The cash flows are discounted at the rate that reflects the risk specific to the asset retirement obligation i.e. 6.22% (2018: 6.22%).

Subsequent to initial recognition, an unwinding expense relating to the provision is periodically recognised as a financing cost.

While the provision is based on the best estimate of future costs and the useful lives of infrastructure assets, there is uncertainty regarding both the amount and timing of incurrence of these costs. Any subsequent change in the present value of the estimated cost due to changes in the gross removal costs or discount rates, is dealt with prospectively as a change in accounting estimate and reflected as an adjustment to the provision and a corresponding adjustment to the infrastructure assets.

Expected credit losses

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time the amount has been due.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on trade receivables between 61 and 90 days past due had been 5% higher (or lower) as of 31 December 2019, the loss allowance on trade receivables would have been QR 0.2 million (2018: QR 0.5 million) higher (or lower).

If the ECL rates on trade receivables between 31 and 60 days past due had been 5% higher (or lower) as of 31 December 2019, the loss allowance on trade receivables would have been QR 0.2 million (2018: QR 0.8 million) higher (or lower).

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of QR 143.91 million have not been included in the lease liability because of adjustment as a result of different lease term.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Segment reporting

Management views that its mobile business is the main operating segment of the Group. Fixed line services are reported in the same operating segment as they are currently insignificant to the overall business. The Group does not have any customer segment for which the revenues exceeds 10% of the total revenue of the Group.

28. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New and amended IFRS that are effective for the current year

In the current year, the Group, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 'Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Group does not restate any comparative information. The cumulative adjustment in opening balance of retained earnings for applying the new standard at the date of initial application was QR Nil.

Practical expedient

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments; and

b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of income.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of income.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

Financial impact of initial application of IFRS 16

During the first time application of IFRS 16 to operating leases, the right to use the leased assets is generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Group to present a reconciliation from the off-balance sheet lease obligations as of 31 December 2018 to the recognized lease liabilities as of 1 January 2019, as follows:

	QR'000
Operating lease commitments disclosed as of 31 December 2018	627,556
Less: discounting using the Group's incremental borrowing rate	(45,316)
Less: short term leases recognised on a straight line basis as expense	(17,454)
Less: contracts reassessed as service agreements	(19,223)
Less: adjustments as a result of a different lease term	(143,908)
Lease liabilities recognised as at 1 January 2019	401,655
Current lease liabilities	82,546
Non-current lease liabilities	319,109
	401,655

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- right-of-use assets – increase by QR 412.15 million
- lease liabilities – increase by QR 401.66 million

The difference of QR 10.5 million is on account of prepayments related to these leases. As a result, there was no impact on the retained earnings as on 1 January 2019.

The change in accounting policy affected the following items in the consolidated statement of income for the year ended 31 December 2019:

- Network, rentals and other operational expenses - Decrease by QR 88.8 million
- Depreciation – Increase by QR 85.49 million
- Finance cost – Increase by QR 15 million

Earnings per share for the year ended 31 December 2019 decreased by QR 0.0028 as a result of the change in accounting policy.

28. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New and amended IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these financial statements.

- Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities*

  The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

  The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

- Amendments to IAS 28 *Investment in Associates and Joint Ventures:* Relating to long-term interests in associates and joint ventures.

  These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

- Annual Improvements to IFRSs 2017-2015 *Cycle Amendments to IFRS 3 Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*

The Annual Improvements include amendments to four Standards.

- IAS 12 *Income Taxes*

  The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

- IAS 23 *Borrowing costs*

  The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

- IFRS 3 *Business Combinations*

  The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

- IFRS 11 *Joint Arrangements*

  The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.

- Amendments to IAS 19 *Employee Benefits* Plan *Amendment, Curtailment or Settlement*

  The amendments to IAS 19 *Employee Benefits* clarify the accounting for defined benefit plan amendments, curtailments and settlements.

- IFRIC 23 *Uncertainty over Income Tax Treatments*

  The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

  - Whether tax treatments should be considered collectively;
  - Assumptions for taxation authorities' examinations;
  - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
  - The effect of changes in facts and circumstances.

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

  The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

- Definition of a Business – *Amendments to* IFRS 3 *Business Combinations*

  The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

- Amendments to References to the Conceptual Framework in IFRS Standards

  Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC32- to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

- IFRS 7 *Financial Instruments: Disclosures and IFRS 9 - Financial Instruments*

  Amendments regarding pre-replacement issues in the context of the IBOR reform

- IFRS 17 *Insurance Contracts*

  IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as at 1 January 2022.

- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates* and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted).

  Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

29. DIVIDENDS

Dividends paid for year 2018

On 11 February 2019, the Board of Directors had proposed a cash dividend of 5% of the nominal share value of QR 211.4 million (QR 0.25 per share with nominal value of QR 5 each). This was subsequently approved by the shareholders during the Annual General Assembly held on 4 March 2019.

Proposed dividend for year 2019

The Board of Directors has proposed a cash dividend of 5% of the nominal share value amounting to QR 211.4 million (QR 0.05 per share with nominal value of QR 1 each). The proposed dividend is subject to approval of the shareholders during the Annual General Assembly on 24 February 2020.

30. RECLASSIFICATION

The comparative amounts have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassification do not affect the previously reported net profits, net assets or equity.

Below are the reclassifications:

	2018 Audited Financial statements	Reclassifications	Adjusted Balances
	QR'000	QR'000	QR'000
Accruals	490,064	15,538	505,602
Deferred income	119,686	(15,538)	104,148

This relates to reclassification of roaming related payables from deferred income to accruals for amounts appearing in note 23.

7

Glossary & Disclaimer

Glossary

Distributable Profits

Net profit or loss plus amortisation of the licence, for the financial period.

ARPU

Average Revenue Per User – Service revenue divided by average customers.

EBITDA

Earnings Before Financing Income / Costs, Tax, Depreciation, Amortisation and Industry fee

EBITDA Margin

EBITDA divided by revenue for the financial period.

Net Debt / Net Financing Position

Long-term and short-term borrowings less cash and cash equivalents

Disclaimer

This constitutes the annual report of Vodafone Qatar P.Q.S.C. ("Vodafone Qatar") for the financial year ended 31 December 2019. The content of the company's website (www.vodafone.qa) should not be considered to form part of this annual report. In the discussion of Vodafone Qatar's reported financial position, operating results and cash flow for the year ended 31 December 2019, the material is presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information is not uniformly defined by all companies, including those in Vodafone Qatar's industry. Accordingly, it may not be comparable

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