



VODAFONE QATAR Q.S.C.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
31 MARCH 2016**

VODAFONE QATAR Q.S.C.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016



CONTENTS

	Pages
Independent auditor's report	--
Financial statements:	
Statement of income	1
Statement of comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6 - 26



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF VODAFONE QATAR Q.S.C.**

Report on the financial statements

We have audited the accompanying financial statements of Vodafone Qatar Q.S.C. (the "Company") which comprise the statement of financial position as of 31 March 2016 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes 1 to 25.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF VODAFONE QATAR Q.S.C. (CONTINUED)**

Report on other legal and regulatory requirements

Further, as required by the Qatar Commercial Companies Law No. 11 of 2015 we report that:

1. We have obtained all the information we considered necessary for the purpose of our audit;
2. The Company carried out a physical verification of inventories at the year-end;
3. The Company has maintained proper books of account and the financial statements are in agreement therewith; and
4. The financial information contained in the Directors' report is consistent with the books of account of the Company.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 March 2016.

A handwritten signature in blue ink, appearing to read "Mohamed Elmoataz", written over a horizontal line.

Mohamed Elmoataz
of PricewaterhouseCoopers

Auditor's registration number: 281
Doha, 16 May 2016

VODAFONE QATAR Q.S.C.**STATEMENT OF INCOME**
For the year ended 31 March 2016

	Notes	Year ended 31 March	
		2016 QR'000	2015 QR'000
Revenue	5	2,119,308	2,306,679
Interconnection and other direct expenses	6	(934,861)	(1,059,892)
Employee expenses		(221,481)	(214,500)
Network, rentals and other operational expenses	7	(562,082)	(465,787)
Earnings before interest / financing income and costs, tax, depreciation and amortisation¹		400,884	566,500
Depreciation	10	(297,137)	(234,043)
Amortisation	11	(518,532)	(518,344)
Loss on disposal of property, plant and equipment	10	(31,815)	(11,500)
Operating loss		(446,600)	(197,387)
Interest income		-	165
Profit from mudaraba		313	-
Other financing costs	8	(1,123)	72
Interest expense		-	(13,870)
Wakala financing cost		(18,304)	(4,815)
Loss for the year		(465,714)	(215,835)
Basic and diluted loss per share (in QR per share)	9	(0.55)	(0.26)

¹While the Company uses EBITDA as a key external measure to explain financial performance, the Company did not incur any interest income or expense during the current period.

The accompanying notes 1 to 25 form an integral part of these financial statements.

VODAFONE QATAR Q.S.C.**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 March 2016

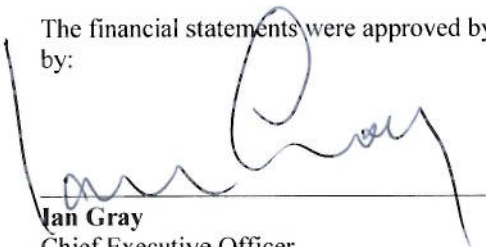
	Year ended 31 March	
	2016	2015
	QR'000	QR'000
Loss for the year	(465,714)	(215,835)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(465,714)</u>	<u>(215,835)</u>


The accompanying notes 1 to 25 form an integral part of these financial statements.

VODAFONE QATAR Q.S.C.
STATEMENT OF FINANCIAL POSITION
 As at 31 March 2016


	Notes	31 March 2016 QR'000	31 March 2015 QR'000
Non-current assets			
Property, plant and equipment	10	1,248,644	1,321,861
Intangible assets	11	5,235,124	5,708,627
Trade and other receivables	12	34,218	21,467
Total non-current assets		6,517,986	7,051,955
Current assets			
Inventories	13	13,426	26,545
Trade and other receivables	12	330,409	214,397
Cash and cash equivalents	14	130,409	151,092
Total current assets		474,244	392,034
Total assets		6,992,230	7,443,989
Equity			
Share capital	15	8,454,000	8,454,000
Legal reserve	16	28,727	28,727
Distributable profits	16	7,169	184,703
Accumulated losses		(3,566,939)	(3,101,225)
Total equity		4,922,957	5,566,205
Non-current liabilities			
Wakala liabilities	17	1,022,868	909,169
Provisions	18	61,682	43,212
Trade and other payables	19	47,733	40,477
Total non-current liabilities		1,132,283	992,858
Current liability			
Trade and other payables	19	936,990	884,926
Total current liability		936,990	884,926
Total liabilities		2,069,273	1,877,784
Total equity and liabilities		6,992,230	7,443,989

The financial statements were approved by the Board of Directors on 16 May 2016 and were signed on its behalf by:


Ian Gray
 Chief Executive Officer


Stephen Charles Walters
 Chief Financial Officer

The accompanying notes 1 to 25 form an integral part of these financial statements.

VODAFONE QATAR Q.S.C.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2016



	Share capital	Legal reserve	Distributable profits	Accumulated losses	Total equity
	QR'000				
Balance at 1 April 2014	8,454,000	19,382	150,864	(2,698,488)	5,925,758
Total comprehensive loss for the year	-	-	-	(215,835)	(215,835)
Loss for the year (note 16)	-	-	-	(215,835)	(215,835)
Total comprehensive loss for the year	-	-	-	(215,835)	(215,835)
Transfer to distributable profits (note 16)	-	-	186,902	(186,902)	-
Dividend declared during the year (note 19.1)	-	-	(143,718)	-	(143,718)
Transfer to legal reserve (note 16)	-	9,345	(9,345)	-	-
Balance at 31 March 2015	8,454,000	28,727	184,703	(3,101,225)	5,566,205
Balance at 1 April 2015	8,454,000	28,727	184,703	(3,101,225)	5,566,205
Total comprehensive loss for the year	-	-	-	(465,714)	(465,714)
Loss for the year (note 16)	-	-	-	(465,714)	(465,714)
Total comprehensive loss for the year	-	-	-	(465,714)	(465,714)
Dividend declared during the year (note 19.1)	-	-	(177,534)	-	(177,534)
Balance at 31 March 2016	8,454,000	28,727	7,169	(3,566,939)	4,922,957

The accompanying notes 1 to 25 form an integral part of these financial statements.

	Notes	Year ended 31 March	
		2016 QR'000	2015 QR'000
Cash flows from operating activities			
Net loss for the year		(465,714)	(215,835)
<i>Adjustments for:</i>			
Depreciation	10	297,137	234,043
Amortisation	11	518,532	518,344
Interest income		-	(165)
Profit from mudaraba		(313)	-
Other financing costs		1,123	(72)
Interest expense		-	13,870
Wakala financing cost		18,304	4,815
Loss on disposal of property, plant and equipment		31,815	11,500
<i>Change in operating assets and liabilities</i>			
Decrease / (increase) in inventories		13,119	(12,821)
(Increase) / decrease in trade and other receivables		(50,380)	76,844
(Decrease) / increase in trade and other payables		(88,314)	10,500
Increase in provisions		18,470	9,279
Net cash flows from operating activities		293,779	650,302
Cash flows used in investing activities			
Purchase of property, plant and equipment	10	(194,291)	(313,745)
Proceeds from disposal of property, plant and equipment		28	-
Purchase of intangible assets	11	(45,029)	(90,482)
Profit received from mudaraba		313	-
Interest received		-	165
Net cash flows used in investing activities		(238,979)	(404,062)
Cash flows used in financing activities			
Repayment of long term borrowings		-	(951,066)
Interest paid		-	(13,798)
Proceeds from wakala financing		95,395	904,354
Dividend paid	19.1	(170,878)	(132,039)
Net cash flows used in financing activities		(75,483)	(192,549)
Net (decrease) / increase in cash and cash equivalents		(20,683)	53,691
Cash and cash equivalents at the beginning of the year		151,092	97,401
Cash and cash equivalents at the end of the year	14	130,409	151,092

The accompanying notes 1 to 25 form an integral part of these financial statements.

1 INCORPORATION AND PRINCIPAL ACTIVITIES

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

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 regulated by the Communications Regulatory Authority (CRA) pursuant to Law No. 34 of 2006 (Telecommunications Law) and the Applicable Regulatory Framework.

The Company is engaged in providing cellular mobile telecommunication services, fixed line services and selling mobile related equipment and accessories. The operations and activities of the Company are confirmed as being Sharia compliant. 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.

Qatar Commercial Companies Law No. 11 of 2015 (the “new Commercial Companies Law”) which is applicable to the Company came into effect from 7 August 2015. The Company has until 6 August 2016 to amend its Articles of Association to achieve compliance with the new Commercial Companies Law. This necessitates that a number of amendments be made including the following:

- Board Remuneration (Article 41): it is no longer permissible to pay remuneration to a Board member unless at least 5% of Vodafone Qatar’s paid up share capital has been distributed to the shareholders. Such remuneration may not exceed 5% of the net profits;
- Extraordinary General Assembly Quorum (Article 53): the new Commercial Companies Law requires a mandatory quorum of 75% for the EGA with resolutions then passed by vote of 75% of those shareholders present and entitled to vote;

An amended form of Articles of Association is being prepared and will be presented for approval of shareholders at the Extraordinary General Assembly of the Company. The final form of Articles of Association remains subject to regulatory approvals from the Ministry of Economy and Commerce and the Qatar Financial Markets Authority. The Company expects to conclude this process in the coming weeks.

2 BASIS OF PREPARATION

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Accounting convention

The financial statements are prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value.

Functional and presentation currency

These financial statements are presented in Qatari Riyals, which is the Company'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.

Use of estimates and judgments

The preparation of 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 financial statements and reported amounts of revenue and expenses during the reporting year. For a discussion on the Company's critical accounting estimates see "Critical Accounting Estimates" under note 23. 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.

Earnings before interest/ financing income and costs, tax, depreciation and amortisation (EBITDA)

EBITDA has been a key external measure used by the Company to explain the financial performance to shareholders and others and has been presented as part of the statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are consistently applied in the preparation of the financial statements:

Revenue

Revenue is recognised to the extent the Company has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is measured at the fair value of the consideration received, exclusive of discounts.

The Company principally obtains 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 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 interconnect fees is recognised at the time the services are performed. Revenue from data services and information provision is recognised when the Company 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 Company as commission for facilitating the service.

Revenue for device sales is recognised when the device is delivered to the end customer or to an intermediary when the significant risks and rewards associated with the device are transferred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 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 Company to connect new customers, upgrade existing customers, and distribute recharge cards. These cash incentives are recognised in statement of income on an accrual basis.

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 CRA.

Operating leases

Rentals payable under operating leases are charged to statement of income on a straight line basis over the term of the relevant lease.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the currency rate prevailing at the date of the transaction. Any differences on settlement of the transaction are immediately recognised in the 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Borrowing costs

The borrowing costs (interest expense and wakala financing 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 statement of income during the year in which they arise.

Income tax

As per Income Tax Law No. 21 of 2009, 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 Company. As per the provisions of the law the Company being listed on Qatar Exchange is not subject to corporate income tax.

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 Company has an obligation to restore the sites.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Property, plant and equipment (continued)***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	During the period of the lease
Network infrastructure	4 - 25 years
Other equipment	1 - 5 years
Furniture and fixtures	4 - 8 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 statement of income.

Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits will flow to the Company and the cost of the asset can be reliably measured. Intangible assets include license fees, software and indefeasible rights of use (IRU's).

License fees

Licence fees are 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 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 20 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 asset when the Company 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 (15 years).

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 statement of income on a straight line basis (3 to 5 years).

Impairment of assets*Property, plant and equipment and finite lived intangible assets*

At each end of reporting period date, the Company 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Impairment of assets (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 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 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 Company 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 Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where 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.

Non-derivative financial instruments

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

Financial assets

Financial assets recognised by the Company include:

Trade receivables

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 and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

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 Company under the terms of Shariah principles. The profit from such deposits is accrued in the statement of income on periodic basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*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 Company 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 Company 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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

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

Wakala financing liabilities

The Company entered into a wakala agreement 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 liabilities are stated at amortised cost in the statement of financial position. The attributable profits are recognised as wakala financing costs in the statement of income on a time apportionment basis, taking account of the anticipated profit rate and the balance outstanding.

Equity instruments

Ordinary shares issued by the Company 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 statement of income.

Derivative financial instruments

The Company 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Impairment of financial assets**

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 Company'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.

Dividend on ordinary share capital

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

(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 Company only operates in Qatar and is therefore viewed to operate in one geographical area. Management also views that its mobile business is the main operating segment of the Company. Fixed line services are reported in the same operating segment as they are currently immaterial to the overall business. The Company does not have customers with the revenues exceeding 10% of the total revenue of the Company.

(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 financial statements.

5 REVENUE

	Year ended 31 March	
	2016 QR'000	2015 QR'000
Revenue from pre-paid mobile services	1,298,039	1,477,285
Revenue from post-paid mobile services	496,537	421,013
Sale of equipment and other revenue	324,732	408,381
	<u>2,119,308</u>	<u>2,306,679</u>

6 INTERCONNECTION AND OTHER DIRECT EXPENSES

	Year ended 31 March	
	2016 QR'000	2015 QR'000
Interconnection and roaming costs	603,371	670,189
Equipment and other direct costs	167,528	219,905
Commissions and dealer costs	111,905	111,567
Regulatory costs	25,996	19,670
Provision for impairment of receivables	26,061	38,561
	<u>934,861</u>	<u>1,059,892</u>

7 NETWORK, RENTALS AND OTHER OPERATIONAL EXPENSES

	Year ended 31 March	
	2016 QR'000	2015 QR'000
Operating lease rentals	156,697	130,921
Network and other operational expenses	405,385	334,866
	<u>562,082</u>	<u>465,787</u>

8 OTHER FINANCING COSTS

Other financing costs include withholding tax payable on previous financing arrangement and unwinding of discounted portion of asset retirement obligations. This does not include any interest payments to third parties.

9 BASIC AND DILUTED LOSS PER SHARE

	31 March 2016	31 March 2015
Loss for the year (QR '000)	<u>(465,714)</u>	<u>(215,835)</u>
Weighted average number of shares (in thousands)	<u>845,400</u>	<u>845,400</u>
Basic and diluted loss per share (QR)	<u>(0.55)</u>	<u>(0.26)</u>

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

10 PROPERTY, PLANT AND EQUIPMENT

	Network and equipment QR'000	Furniture and fixtures QR'000	Total QR'000
Cost:			
At 1 April 2014	1,553,112	203,237	1,756,349
Additions	462,621	26,296	488,917
Disposals	(134,019)	-	(134,019)
At 31 March 2015	1,881,714	229,533	2,111,247
Additions	345,723	5,064	350,787
Disposals	(329,163)	-	(329,163)
At 31 March 2016	1,898,274	234,597	2,132,871
Accumulated depreciation:			
At 1 April 2014	538,028	82,634	620,662
Charge for the year	205,204	28,839	234,043
Disposals	(65,319)	-	(65,319)
At 31 March 2015	677,913	111,473	789,386
Charge for the year	260,181	36,956	297,137
Disposals	(202,296)	-	(202,296)
At 31 March 2016	735,798	148,429	884,227
Net book value:			
At 31 March 2016	1,162,476	86,168	1,248,644
At 31 March 2015	1,203,801	118,060	1,321,861

The net book value of property, plant and equipment includes assets in the course of construction amounting to QR 20.2 million (2015: QR 60.9 million), which are not depreciated.

As part of the network modernisation project, the Company purchased capital assets from a supplier amounting to QR 223.8 million (2015: QR 118.0 million) and sold assets to the same supplier with a net book value of QR 113.7 million (2015: QR 68.7 million) for consideration of QR 93.7 million (2015: QR 57.2 million) and recognised a loss on sale of QR 20.0 million (2015: QR 11.5 million) in the statement of income. The Company paid a net amount of QR 83.9 million during the year (2015: nil) and hence the purchase of property, plant and equipment in statement of cash flows is presented net of this transaction.

The Company also sold radio network controllers and other assets during the year and recognised a further loss on disposal of QR 11.8 million.

11 INTANGIBLE ASSETS

	License fee QR'000	Software QR'000	Indefeasible right to use QR'000	Total QR'000
Cost:				
At 1 April 2014	7,726,000	737,065	20,712	8,483,777
Additions	-	90,482	-	90,482
At 31 March 2015	7,726,000	827,547	20,712	8,574,259
Additions	-	45,029	-	45,029
At 31 March 2016	7,726,000	872,576	20,712	8,619,288
Accumulated amortisation:				
At 1 April 2014	1,981,216	363,542	2,530	2,347,288
Charge for the year	402,737	114,225	1,382	518,344
At 31 March 2015	2,383,953	477,767	3,912	2,865,632
Charge for the year	403,840	113,932	760	518,532
At 31 March 2016	2,787,793	591,699	4,672	3,384,164
Net book value:				
At 31 March 2016	4,938,207	280,877	16,040	5,235,124
At 31 March 2015	5,342,047	349,780	16,800	5,708,627

The net book value of software includes software under development amounting to QR 0.63 million (2015: QR 17.4 million), which are not amortised.

12 TRADE AND OTHER RECEIVABLES

	31 March 2016 QR'000	31 March 2015 QR'000
Non-current assets:		
Prepayments	34,218	21,467
Current assets:		
Trade receivables – net	261,090	135,240
Prepayments	31,507	27,976
Due from related parties (note 20)	3,999	8,236
Accrued revenue receivables	27,575	38,516
Other receivables	6,238	4,429
	330,409	214,397

Trade and other receivables are net of provision for impairment amounting to QR 30.4 million (2015: QR 94.1 million) after a write off of QR 89.8m during the year, for which details are provided in note 21.

13 INVENTORIES

	31 March 2016 QR'000	31 March 2015 QR'000
Handsets	9,130	20,488
Scratch cards and accessories	4,296	6,057
	13,426	26,545

13 INVENTORIES (CONTINUED)

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

	31 March 2016	31 March 2015
	QR'000	QR'000
Balance at beginning of the year	5,455	2,701
Amounts charged to statement of income	2,928	3,111
Inventory written off	(675)	(357)
Balance at year end	<u>7,708</u>	<u>5,455</u>

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are as follows:

	31 March 2016	31 March 2015
	QR'000	QR'000
Cash at bank	60,291	150,997
Mudaraba deposits	70,000	-
Cash on hand	118	95
	<u>130,409</u>	<u>151,092</u>

15 SHARE CAPITAL

	31 March 2016		31 March 2015	
	Number	QR'000	Number	QR'000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QAR 10 each	<u>845,400,000</u>	<u>8,454,000</u>	<u>845,400,000</u>	<u>8,454,000</u>

16 LEGAL RESERVE AND DISTRIBUTABLE PROFITS

The Company is an "Article 68 Company", having been incorporated under Article 68 of the Qatar Commercial Companies' Law No. 5 of 2002.

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 Article 69(a) of 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 Article 69 of the Articles of Association of the Company, distributable profits are defined as the 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.

16 LEGAL RESERVE AND DISTRIBUTABLE PROFITS (CONTINUED)

	Year ended 31 March 2016		Year ended 31 March 2015	
	QR'000	QR'000	QR'000	QR'000
Balance at beginning of the year		184,703		150,864
Dividend declared in respect of prior year distributable profits		(177,534)		(143,718)
		7,169		7,146
Net loss for the year	(465,714)		(215,835)	
Amortisation of license fee	403,840		402,737	
Distributable profits		-		186,902
Transfer to legal reserve		-		(9,345)
Balance at year end		7,169		184,703

17 WAKALA LIABILITIES

	31 March 2016	31 March 2015
	QR'000	QR'000
Balance at beginning of the year	909,169	-
Investments during the year	101,914	904,354
Wakala profit accumulation for the year	18,304	4,815
Settlement of wakala with Vodafone and Qatar Foundation L.L.C.	(6,519)	-
Balance at year end	1,022,868	909,169

The Company entered into a Sharia compliant wakala facility with Vodafone Finance Limited for USD 330 million on 18 November 2014. The facility has 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 wakala investment is renewed on 31 March and 30 September every year to reset the profit rates without cash settlement. The accumulated profits are then reinvested by the Muwakkil. Wakala liabilities will be due for repayment five years from origination date unless early termination is initiated by management. Based on management's plans, these liabilities are classified as non-current.

18 PROVISIONS

	31 March 2016	31 March 2015
	QR'000	QR'000
Asset retirement obligations	6,354	6,167
Employees' end of service benefits (note 18.1)	25,448	19,565
Other provisions	29,880	17,480
	61,682	43,212

Other provisions mainly comprise of estimated amounts for liabilities relating to ongoing disputes on commercial arrangements.

18.1 Employees' end of service benefits

	Year ended 31 March	
	2016	2015
	QR'000	QR'000
Balance at beginning of the year	19,565	15,365
Charge for the year	8,694	5,465
Payments during the year	(2,811)	(1,265)
Balance at year end	25,448	19,565

19 TRADE AND OTHER PAYABLES

	31 March 2016 QR'000	31 March 2015 QR'000
Non-current liabilities:		
Supplier retentions	47,733	40,477
Current liabilities:		
Trade payables	474,490	329,100
Accruals and deferred income	353,879	458,391
Other payables	11,681	10,149
Dividend payable (note 19.1)	18,335	11,679
Due to related parties (note 20)	78,605	75,607
	<u>936,990</u>	<u>884,926</u>

19.1 Dividend payable

	Year ended 31 March 2016 QR'000	2015 QR'000
Balance at beginning of the year	11,679	-
Dividend declared in respect of prior year distributable profits	177,534	143,718
Dividend paid in cash	(170,878)	(132,039)
Balance at year end	<u>18,335</u>	<u>11,679</u>

No dividend is proposed for the year ended 31 March 2016.

20 RELATED PARTY TRANSACTIONS

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

	Year ended 31 March 2016 QR'000	2015 QR'000
<i>Sales of goods and services</i>		
Vodafone Group Plc controlled entities	22,026	36,949
<i>Purchases of goods and services</i>		
Vodafone Group Plc controlled entities	171,665	148,177
<i>Interest on long term borrowing</i>		
Vodafone Investments Luxembourg SARL	-	13,870
<i>Wakala financing costs</i>		
Vodafone Finance Limited	18,304	4,815

20 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 sales/purchases of goods/services are as follows:

	31 March 2016 QR'000	31 March 2015 QR'000
<i>Receivables from related parties:</i>		
Vodafone Group Plc controlled entities	<u>3,999</u>	<u>8,236</u>
<i>Payables to related parties:</i>		
Vodafone Group Plc controlled entities	<u>78,605</u>	<u>75,607</u>
<i>Wakala financing</i>		
Wakala financing from Vodafone Finance Limited	<u>1,022,868</u>	<u>902,650</u>
Wakala from Vodafone and Qatar Foundation L.L.C.	<u>-</u>	<u>6,519</u>

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 year (2015: nil). The payables to related parties arise mainly from purchase transactions and bear no interest. Wakala liabilities have an anticipated profit rate.

Compensation of key management personnel

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

	Year ended 31 March	
	2016 QR'000	2015 QR'000
Salaries and short-term benefits	21,545	23,416
Employees' end of service benefits	<u>828</u>	<u>1,131</u>
	<u>22,373</u>	<u>24,547</u>

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Capital management**

The following table summarises the capital structure of the Company:

	31 March 2016 QR'000	31 March 2015 QR'000
Wakala liabilities	1,022,868	909,169
Cash and cash equivalents	<u>(130,409)</u>	<u>(151,092)</u>
Net debt	<u>892,459</u>	<u>758,077</u>
Total equity	<u>4,922,957</u>	<u>5,566,205</u>
Gearing ratio	<u>18.1%</u>	<u>13.6%</u>

The Company 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. The Company's policy is to avail funds from existing wakala facilities to meet anticipated deficit in funding requirements.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**Categories of financial instruments**

	31 March 2016	31 March 2015
	QR'000	QR'000
Loans and receivables:		
Cash and cash equivalents	130,409	151,092
Trade and other receivables (excluding prepayments)	298,902	186,421
Other financial liabilities at amortised cost:		
Trade and other payables (excluding accruals and deferred income)	630,844	467,012
Wakala liabilities	1,022,868	909,169

Foreign currency risk management

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

During the year the Company has entered into a number of foreign exchange forward contracts to hedge its exposure to Euro currency fluctuations. Forward contracts amounting to EUR 10 million were outstanding as at 31 March 2016 for which the company recognised a gain of QR 1.44 million as fair value through profit or loss (2015: nil).

Interest rate risk management

The Company has no interest bearing loans or receivables being Sharia compliant business.

Profit rate on Wakala financing

The Company is liable to pay profit on Wakala financing at an anticipated profit rate which is computed based on six month LIBOR. Every one percent rise or fall in LIBOR rates would increase or reduce the total loss of the Company for the financial year by QR 10.2 million (2015: QR 9 million).

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company'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.

The following table presents the movement in provision for doubtful receivables:

	31 March 2016	31 March 2015
	QR'000	QR'000
Balance at beginning of the year	94,126	55,565
Amounts charged to income statement	26,061	38,561
Receivables written off during the year	(89,792)	-
Balance at year end	30,395	94,126

During the year, the Company implemented its approved write off policy for the first time and has written off aged debts more than one year amounting to QR 89.8m, which were previously fully provided for.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**Credit risk management (continued)**

The following table presents ageing of trade receivables gross):

	31 March 2016	31 March 2015
	QR'000	QR'000
0 – 30 days	159,103	77,317
31 – 60 days	53,919	39,702
61 – 90 days	10,539	20,402
Over 90 days	67,924	91,945
	291,485	229,366

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 March 2016	31 March 2015
	QR'000	QR'000
Cash and cash equivalents	130,409	151,092
Trade and other debit balances (excluding prepayments)	298,902	186,421
	429,311	337,513

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

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

The table below analyses the Company'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 March 2016	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables	583,111	47,733
Wakala liabilities	-	1,022,868
At 31 March 2015	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables	426,535	40,477
Wakala liabilities	-	909,169

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**Fair value of financial 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)

Financial assets or liabilities were measured at fair value based on level 3 input, except for the fair value of Euro currency forward which is based on Level 2 input. The carrying value of financial assets and financial liabilities classified as current assets or current liabilities in the statement of financial position at year-end approximates its fair value due to its shorter maturities.

22 COMMITMENTS AND CONTINGENT LIABILITIES**Commitments***Operating lease commitments*

The Company has entered into commercial leases on certain properties, network infrastructure, motor vehicles, and items of equipment. The leases have various terms, escalation clauses, and renewal rights. Future lease payments comprise:

	31 March 2016 QR'000	31 March 2015 QR'000
Within one year	120,648	120,876
In more than one year but less than two years	62,826	73,197
In more than two years but less than three years	50,099	60,208
In more than three years but less than four years	43,462	48,959
In more than four years but less than five years	41,937	45,918
In more than five years	313,097	382,924
	<u>632,069</u>	<u>732,082</u>

Other commitments

	31 March 2016 QR'000	31 March 2015 QR'000
Contracts placed for future capital expenditure not provided for in the financial statements	<u>71,873</u>	<u>72,386</u>

Contingent liabilities

	31 March 2016 QR'000	31 March 2015 QR'000
Performance bonds	<u>39,628</u>	<u>32,827</u>
Credit guarantees – third party indebtedness	<u>900</u>	<u>900</u>

Performance bonds

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

Credit Guarantees – third party indebtedness

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

23 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

In determining and applying accounting policies, judgement 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 Company 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 Company's disclosure of significant IFRS accounting policies, which is provided in note 3 to the 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 judgement, 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 interest, tax, depreciation and amortisation ("EBITDA"), 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.

The Company prepares and Vodafone Group approves formal five year plans for its business and the Company uses these as the basis for its impairment reviews. In estimating the value in use, the Company uses a discrete period of 5 years where a long term growth rate into perpetuity has been determined as the lower of:

- The nominal GDP rates for the country of operation; and
- The compound annual growth rate in EBITDA.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results. The discount rate used in the most recent value in use calculation for the year ended 31 March 2016 was 9.6% (2015: 10.1%) and the long-term growth rate was 3.5% (2015: 4.0%). The management has considered the renewal costs of license as percentage of the future expected revenues.

Based on the results of the test, the management has concluded that no impairment is required. The results are sensitive to changes in the following assumptions. With all individual inputs constant, an increase in pre-tax discount rate by 0.62 pps or decrease in terminal EBITDA growth by 2.30 pps or decrease in long term growth rate by 0.78 pps or increase in discounted cost of license renewal by 211%, would bring the headroom to zero. Any further decline would suggest an impairment, since recoverable amount would be lower than carrying amount of long term assets net of working capital (excluding cash) of the Company.

23 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**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 Company and its business partners are reviewed to determine each party's respective role in the transaction.

Where the Company'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 Company'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 Company assumes credit risk and acts as a principal in the transactions.

Estimation of useful life

The useful life used to amortise intangible 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 intangible assets is as follows:

Licence fees

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 Company will receive economic benefit. For technology specific licences with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Company's expectation of the period over which the Company will continue to receive economic benefit from the licence. The economic lives are periodically reviewed taking into consideration such factors as changes in technology. Historically any changes to economic lives have not been material following these reviews.

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company being 17.8 % (2015: 17.8%) of the Company's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company'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 statement of income.

The useful lives and residual values of the Company'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.

Provision for receivables

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.

23 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**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 is made when a site lease contains a restoration clause, or where historical experience indicates that these costs will be incurred, and where such modification to the site has already occurred that would result in an economic outflow to return the site to its original condition, and only to the extent that an economic outflow in respect of restoration costs is considered probable. The future expected restoration costs are estimated by applying an average inflation rate to recently incurred costs and an average lease renewal rate is applied based on historical renewal rates and estimated future renewals.

24 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**New and amended standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011-2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company does not plan to early adopt these standards.

- *IFRS 9, 'Financial Instruments' (Annual periods on or after 1 January 2018)* addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company does not expect any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities.
- *IFRS 15 'Revenue from Contracts with Customers' (Annual periods on or after 1 January 2018):* The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The Company has completed initial impact assessment of IFRS 15 on its financial statements. The impact is currently limited to some contracts with enterprise customers and on accounting for acquisition costs. The Company is currently working on some changes in internal processes to ensure compliance by 1 April 2018.

24 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)**New standards and interpretations not yet adopted (continued)**

- *IFRS 16 'Leases' (Annual periods on or after 1 January 2019):* The International Accounting Standards Board (IASB) has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

IFRS 16 is expected to have a significant impact on the financial statements of the Company by increasing the reported assets and liabilities for the existing operating leases, particularly relating to leased network assets (base stations, leased lines), IT network (data centers) and property leases (stores and offices). The Company is currently in the process of finalising the impact assessment.

25 SHARIA COMPLIANCE**Governance**

The sharia advisor of the Company is a scholar who is specialised in sharia principles and ensures the Company's compliance with general Islamic principles and work in accordance with issued Fatwas and guiding rules. The advisor's review includes examining the evidence related to documents and procedures adopted by the Company in order to ensure that the activities are according to principles of Islamic sharia.

Zakah

Zakah is directly borne by the shareholders. The Company does not collect or pay Zakah on behalf of its shareholders.