



VODAFONE QATAR Q.S.C.

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

**FOR THE SIX MONTH PERIOD ENDED
30 SEPTEMBER 2016**



VODAFONE QATAR Q.S.C.

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2016**



CONTENTS	Page
Report on review of interim condensed financial information	-
Interim condensed financial statements:	
Interim condensed statement of income	1
Interim condensed statement of comprehensive income	2
Interim condensed statement of financial position	3
Interim condensed statement of changes in equity	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6 - 10



Report on review of interim condensed financial information To the Shareholders of Vodafone Qatar Q.S.C.

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Vodafone Qatar Q.S.C. (the "Company") as at 30 September 2016 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard (IAS) 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers
Qatar Branch
Qatar Financial Markets Authority Registration No. 120155

A blue ink signature, appearing to read 'Mohamed Elmoataz', written in a cursive style.

Mohamed Elmoataz,
Registered Auditor Number 281

Doha, 7 November 2016

VODAFONE QATAR Q.S.C.
INTERIM CONDENSED STATEMENT OF INCOME
For the six month period ended 30 September 2016


		Six months ended 30 September	
	Notes	2016	2015
		(Reviewed)	(Reviewed)
		QR'000	QR'000
Revenue	4	999,871	1,065,995
Interconnection and other direct expenses		(371,884)	(477,443)
Employee expenses		(116,675)	(114,300)
Network, rentals and other operational expenses		(274,456)	(263,458)
Earnings before interest, tax, depreciation and amortisation	2	236,856	210,794
Depreciation		(132,425)	(136,997)
Amortisation		(255,656)	(260,497)
Loss on disposal of property, plant and equipment		(51)	(17,996)
Operating loss		(151,276)	(204,696)
Profit from mudaraba		859	44
Wakala financing cost		(11,634)	(8,544)
Other financing costs		(1,494)	(297)
Loss for the period		(163,545)	(213,493)
Basic and diluted loss per share (in QR per share)	5	(0.19)	(0.25)

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

VODAFONE QATAR Q.S.C.**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**
For the six month period ended 30 September 2016

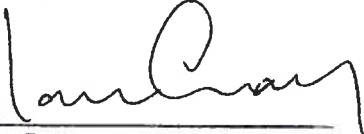
	Six months ended 30 September	
	2016	2015
	(Reviewed) QR'000	(Reviewed) QR'000
Loss for the period	(163,545)	(213,493)
Other comprehensive loss:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Net movement in fair value of cash flow hedges during the period	-	(641)
Total comprehensive loss for the period	(163,545)	(214,134)

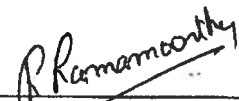
The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

VODAFONE QATAR Q.S.C.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2016


	Notes	30 September 2016	31 March 2016
		(Reviewed) QR'000	(Audited) QR'000
Non-current assets			
Property, plant and equipment	6	1,198,326	1,248,644
Intangible assets	7	4,989,820	5,235,124
Trade and other receivables		30,484	34,218
Total non-current assets		6,218,630	6,517,986
Current assets			
Inventories		8,386	13,426
Trade and other receivables		338,923	330,409
Cash and cash equivalents		183,850	130,409
Total current assets		531,159	474,244
Total assets		6,749,789	6,992,230
Equity			
Share capital		8,454,000	8,454,000
Legal reserve		30,618	28,727
Distributable profits	8	43,101	7,169
Accumulated losses		(3,768,307)	(3,566,939)
Total equity		4,759,412	4,922,957
Non-current liabilities			
Wakala liabilities		1,034,502	1,022,868
Provisions	9	60,268	61,682
Trade and other payables		50,280	47,733
Total non-current liabilities		1,145,050	1,132,283
Current liability			
Trade and other payables		845,327	936,990
Total current liability		845,327	936,990
Total liabilities		1,990,377	2,069,273
Total equity and liabilities		6,749,789	6,992,230

The interim condensed financial statements were approved by the Board of Directors on 7 November 2016 and were signed on its behalf by:


Ian Gray
 Chief Executive Officer


Rajagopal Ramamoorthy
 Acting Chief Financial Officer

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

VODAFONE QATAR Q.S.C.



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 September 2016

	Share capital	Legal reserve	Distributable profits QR'000	Accumulated losses	Hedging reserve	Total equity
Balance at 1 April 2015 (Audited)	8,454,000	28,727	184,703	(3,101,225)	-	5,566,205
Total comprehensive loss for the period:						
Loss for the period	-	-	-	(213,493)	-	(213,493)
<i>Other comprehensive income:</i>						
Net movement in fair value of cash flow hedges	-	-	-	-	(641)	(641)
Total comprehensive loss for the period	-	-	-	(213,493)	(641)	(214,134)
Dividend declared for the year ended 31 March 2015	-	-	(177,534)	-	-	(177,534)
Balance at 30 September 2015 (Reviewed)	8,454,000	28,727	7,169	(3,314,718)	(641)	5,174,537
Balance at 1 April 2016 (Audited)	8,454,000	28,727	7,169	(3,566,939)	-	4,922,957
Total comprehensive loss for the period:						
Loss for the period	-	-	-	(163,545)	-	(163,545)
Total comprehensive loss for the period	-	-	-	(163,545)	-	(163,545)
Transfer to distributable profits	-	-	37,823	(37,823)	-	-
Transfer to legal reserve	-	1,891	(1,891)	-	-	-
Balance at 30 September 2016 (Reviewed)	8,454,000	30,618	43,101	(3,768,307)	-	4,759,412

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

VODAFONE QATAR Q.S.C.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
 For the six month period ended 30 September 2016


		Six months ended 30 September	
		2016	2015
		(Reviewed)	(Reviewed)
		QR'000	QR'000
Cash flows from operating activities			
Net loss for the period		(163,545)	(213,493)
<i>Adjustments for:</i>			
Depreciation	6	132,425	136,997
Amortisation	7	255,656	260,497
Loss on disposal of property, plant and equipment		51	17,996
Profit from mudaraba		(859)	(44)
Wakala financing cost		11,634	8,544
Other financing costs		1,494	297
<i>Change in operating assets and liabilities:</i>			
Decrease in inventories		5,040	16,413
Increase in trade and other receivables		(4,780)	(167,828)
(Decrease) / increase in trade and other payables		(86,616)	3,331
(Decrease) / increase in provisions		(1,414)	3,544
Net cash flows from operating activities		149,086	66,254
Cash flows used in investing activities			
Purchase of property, plant and equipment		(82,158)	(38,376)
Purchase of intangible assets		(10,352)	(6,526)
Profit received from mudaraba		859	44
Net cash flows used in investing activities		(91,651)	(44,858)
Cash flows used in financing activities			
Proceeds from wakala financing (net)		-	109,702
Dividend paid		(3,994)	(167,846)
Net cash flows used in financing activities		(3,994)	(58,144)
Net increase / (decrease) in cash and cash equivalents		53,441	(36,748)
Cash and cash equivalents at the beginning of the period		130,409	151,092
Cash and cash equivalents at the end of the period		183,850	114,344

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

VODAFONE QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended 30 September 2016



1 INCORPORATION AND PRINCIPAL ACTIVITIES

Vodafone Qatar Q.S.C. (the "Company") is registered as a Qatari Shareholding Company. 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 the Ministry of Information and Communications Technology) 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 licenses and applicable regulation.

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 recently revised its Articles of Association to achieve compliance with the new Commercial Companies Law which necessitated a number of amendments to the Articles of Association.

The final form of amended and restated Articles of Association were approved by the Company's Board of Directors (BoD) at the meeting held on 16 May 2016 and subsequently received shareholder approval at the Company's Extraordinary General Assembly held on 25th July 2016. They are currently with the Ministry of Economy and Commerce for final sign-off and authentication which is expected to be received in the near term.

2 BASIS OF PREPARATION

The interim condensed financial statements for the six month period ended 30 September 2016 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ('IAS 34').

All amounts in the interim condensed financial statements are stated in thousands of Qatari Riyals (QR'000) unless indicated otherwise. These interim condensed financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the annual financial statements for the year ended 31 March 2016.

Earnings before interest, tax, depreciation and amortisation (EBITDA) has been the key external measure used by the shareholders to assess the financial performance of the Company and hence has been presented as part of statement of income. The Company did not incur any interest income or expense during the period, instead the Company incurred the financing cost in relation to its Wakala facility as further described in note 11.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2016. There are various new standards and amendments effective for annual period beginning on or after 1 January 2018. These revised and new standards and interpretations have no major impact to the financial statements of the Company. However, there are some amendments and standards that are issued and not effective during the current financial period but have a significant impact in the future periods, which are as follows:

- *IFRS 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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Based on review of terms and conditions of the Company's current products and services, 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.

- *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.

Risk management, judgments and estimates

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

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

The Company's financial risk management objectives and policies, judgments and estimates are consistent with those disclosed in the annual financial statements as at and for the year ended 31 March 2016.

VODAFONE QATAR Q.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**
For the six month period ended 30 September 2016**4 REVENUE**

	Six months ended 30 September	
	2016	2015
	(Reviewed)	(Reviewed)
	QR'000	QR'000
Revenue from pre-paid mobile services	609,281	670,743
Revenue from post-paid mobile services	287,398	232,828
Sale of equipment and other revenue	103,192	162,424
	999,871	1,065,995

5 BASIC AND DILUTED LOSS PER SHARE

	Six months ended 30 September	
	2016	2015
	(Reviewed)	(Reviewed)
Loss for the period (QR '000)	(163,545)	(213,493)
Weighted average number of shares (in thousands)	845,400	845,400
Basic and diluted loss per share (QR)	(0.19)	(0.25)

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

6 PROPERTY, PLANT AND EQUIPMENT

	30 September 2016	31 March 2016
	(Reviewed)	(Audited)
	QR'000	QR'000
Net book value at the beginning of the period / year	1,248,644	1,321,861
Additions during the period / year	82,158	350,787
Depreciation for the period / year	(132,425)	(297,137)
Disposals for the period / year	(51)	(126,867)
Net book value at the end of the period / year	1,198,326	1,248,644

7 INTANGIBLE ASSETS

	30 September 2016	31 March 2016
	(Reviewed)	(Audited)
	QR'000	QR'000
Net book value at the beginning of the period / year	5,235,124	5,708,627
Additions during the period / year	10,352	45,029
Amortisation for the period / year	(255,656)	(518,532)
Net book value at the end of the period / year	4,989,820	5,235,124

VODAFONE QATAR Q.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**
For the six month period ended 30 September 2016**8 DISTRIBUTABLE PROFITS**

As per Article 69 of the Articles of Association of the Company, distributable profits are defined as the net profit/loss for the financial period plus amortisation of license fees for the period. Undistributed profits are carried forward and are available for distribution in future periods. Subsequent to the promulgation of the new Commercial Companies Law, the Articles of Association of the Company were amended for which details are provided in note 1.

	Six months ended 30 September			
	2016		2015	
	(Reviewed) QR'000	(Reviewed) QR'000	(Reviewed) QR'000	(Reviewed) QR'000
Balance at beginning of the period		7,169		184,703
Net loss for the period	(163,545)		(213,493)	
Amortisation of license fee	201,368		201,920	
Distributable profit/(loss)	37,823		(11,573)	
Transfer to distributable profits		37,823		-
Transfer to legal reserve		(1,891)		-
Dividend declared		-		(177,534)
Balance at period end		43,101		7,169

9 PROVISIONS

	30 September 2016	31 March 2016
	(Reviewed) QR'000	(Audited) QR'000
Asset retirement obligations	6,511	6,354
Employees' end of service benefits	25,077	25,448
Other provisions	28,680	29,880
	60,268	61,682

10 SEGMENT INFORMATION

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

11 RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2016	2015
	(Reviewed) QR'000	(Reviewed) QR'000
<i>Sales of goods and services:</i>		
Vodafone Group Plc controlled entities	<u>2,381</u>	<u>15,417</u>
<i>Purchases of goods and services:</i>		
Vodafone Group Plc controlled entities	<u>75,200</u>	<u>96,240</u>
<i>Profit on wakala liabilities:</i>		
Vodafone Finance Limited	<u>11,634</u>	<u>8,544</u>

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

	30 September 2016	31 March 2016
	(Reviewed) QR'000	(Audited) QR'000
<i>Receivables from related parties:</i>		
Vodafone Group Plc controlled entities	<u>5,891</u>	<u>3,999</u>
<i>Payables to related parties:</i>		
Vodafone Group Plc controlled entities	<u>56,068</u>	<u>78,605</u>
<i>Wakala financing from:</i>		
Vodafone Finance Limited	<u>1,034,502</u>	<u>1,022,868</u>

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest. The payables to related parties arise mainly from purchase transactions and bear no interest. Wakala liabilities have a profit share based on six month LIBOR plus a margin of 0.75% on the investment amount and additionally 0.5% on the total facility.

12 COMMITMENTS AND CONTINGENT LIABILITIES

	30 September 2016	31 March 2016
	(Reviewed) QR'000	(Audited) QR'000
Operating lease commitments	<u>606,235</u>	<u>632,069</u>
Capital commitments	<u>110,001</u>	<u>71,873</u>
Contingent liabilities	<u>45,900</u>	<u>40,528</u>