VODAFONE QATAR Q.S.C.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
31 MARCH 2015

VODAFONE QATAR Q.S.C.

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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 2015 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 27.

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 2015 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. 5 of 2002 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. 5 of 2002, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 March 2015.

Mohamed Elmoataz
of PricewaterhouseCoopers

Auditor's registration number: 281

Doha, 2 June 2015

	Notes	Year ended 31 March 2015 QR'000	2014 QR'000
Revenue	5	**2,306,679**	1,981,760
Interconnection and other operational expenses		**(1,059,892)**	(872,092)
Employee expenses		**(214,500)**	(184,746)
Other expenses	6	**(465,787)**	(428,728)
Earnings before interest, tax, depreciation and amortisation		**566,500**	496,194
Depreciation	10	**(234,043)**	(197,400)
Amortisation	11	**(518,344)**	(519,238)
Loss on disposal of property, plant and equipment	10	**(11,500)**	-
Operating loss		**(197,387)**	(220,444)
Interest income		**165**	394
Interest expense	7	**(13,798)**	(25,901)
Wakala financing cost		**(4,815)**	-
Loss before income tax		**(215,835)**	(245,951)
Income tax expense	8	**-**	-
Loss for the year		**(215,835)**	(245,951)
Basic and diluted loss per share (in QR per share)	9	**(0.26)**	(0.29)

The accompanying notes 1 to 27 form an integral part of these financial statements.

	Year ended 31 March	
	2015	2014
	QR'000	QR'000
Loss for the year	**(215,835)**	(245,951)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(215,835)**	(245,951)

The accompanying notes 1 to 27 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Notes	**31 March 2015 QR'000**	31 March 2014 QR'000
Non-current assets			
Property, plant and equipment	10	**1,321,861**	1,135,687
Intangible assets	11	**5,708,627**	6,136,489
Trade and other receivables	12	**21,467**	9,132
Total non-current assets		**7,051,955**	7,281,308
Current assets			
Inventories	13	**26,545**	13,724
Trade and other receivables	12	**214,397**	303,576
Cash and cash equivalents	14	**151,092**	97,401
Total current assets		**392,034**	414,701
Total assets		**7,443,989**	7,696,009
Equity			
Share capital	15	**8,454,000**	8,454,000
Legal reserve	16	**28,727**	19,382
Distributable profits	16	**184,703**	150,864
Accumulated losses		**(3,101,225)**	(2,698,488)
Total equity		**5,566,205**	5,925,758
Non-current liabilities			
Wakala liabilities	17	**909,169**	-
Long term borrowings	18	**-**	951,066
Provisions	19	**43,212**	33,933
Trade and other payables	20	**40,477**	40,897
Total non-current liabilities		**992,858**	1,025,896
Current liability			
Trade and other payables	20	**884,926**	744,355
Total current liability		**884,926**	744,355
Total liabilities		**1,877,784**	1,770,251
Total equity and liabilities		**7,443,989**	7,696,009

The financial statements were approved by the Board of Directors on 2 June 2015 and were signed on its behalf by:

Dr. Khalid bin Thani bin Abdullah Al Thani
Chairman

Kyle David Whitehill
Chief Executive Officer

Stephen Charles Walters
Chief Financial Officer

The accompanying notes 1 to 27 form an integral part of these financial statements.

VODAFONE QATAR Q.S.C.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2015

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	Share capital	**Legal reserve**	**Distributable profits**	**Accumulated losses**	**Total equity**
			QR'000		
Balance at 1 April 2013	8,454,000	11,543	1,917	(2,295,751)	6,171,709
Total comprehensive loss for the year					
Loss for the year (note 16)	-	-	-	(245,951)	(245,951)
Total comprehensive loss for the year	-	-	-	(245,951)	(245,951)
Transfer to distributable profits (note 16)	-	-	156,786	(156,786)	-
Transfer to legal reserve (note 16)	-	7,839	(7,839)	-	-
Balance at 31 March 2014	8,454,000	19,382	150,864	(2,698,488)	5,925,758
Balance at 1 April 2014	**8,454,000**	**19,382**	**150,864**	**(2,698,488)**	**5,925,758**
Total comprehensive loss for the year					
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 20.1)	-	-	**(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**

Proposed dividend
The Board of Directors has proposed a cash dividend of 2.1% (2014: 1.7%) of nominal share value (QR 0.21 per share) totalling to QR 177.5 million. The proposed dividend is subject to approval of shareholders during the Annual General Assembly (AGM).

The proposed dividend for the year ended 31 March 2014 of QR 0.17 per share totalling to QR 143.7million was approved in the AGM and paid during the year.

The accompanying notes 1 to 27 form an integral part of these financial statements.

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	Notes	Year ended 31 March	
		2015	2014
		QR'000	QR'000
Net cash flows from operating activities	21	**650,302**	515,960
Cash flows used in investing activities			
Purchase of property, plant and equipment (net)	10	**(313,745)**	(243,094)
Purchase of intangible assets	11	**(90,482)**	(101,006)
Interest received		**165**	394
Net cash flows used in investing activities		**(404,062)**	(343,706)
Cash flows used in financing activities			
Repayment of long term borrowings (net)		**(951,066)**	(236,402)
Interest paid		**(13,798)**	-
Proceeds from wakala financing		**904,354**	-
Dividend paid		**(132,039)**	-
Net cash flows used in financing activities		**(192,549)**	(236,402)
Net increase / (decrease) in cash and cash equivalents		**53,691**	(64,148)
Cash and cash equivalents at the beginning of the year		**97,401**	161,549
Cash and cash equivalents at the end of the year	14	**151,092**	97,401

The accompanying notes 1 to 27 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 in Qatar Exchange.

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

The Company is engaged in providing cellular mobile telecommunication services, fixed line services and selling mobile related equipment and accessories. The Company's head office is located in Doha, State of Qatar and its registered address is P.O. Box 27727, Qatar Science and Technology Park, Doha, State of Qatar.

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 25. 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, 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)
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. Products and services may be sold separately or in bundled packages.

Revenue from access charges, airtime usage and messaging by contract customers is recognised as revenue 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 from selling the right to use preferred numbers is recognised over the expected useful life of the customer.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer.

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. In case of bundled products, the consideration is allocated to each separate unit of accounting based on its relative fair value.

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

Interconnection charges
Costs of network interconnection with other domestic and international telecommunications carriers are recognised in the statement of income on an accrual basis based on the actual recorded traffic minutes.

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
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. The Company is listed on the Qatar Exchange and hence is not subject to 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and call deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-derivative financial instruments (continued)

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

Long term borrowings
Interest bearing loans are initially measured at fair value (which is equal to cost at inception), and are subsequently carried at amortised cost, using the effective interest rate method, except where they are identified as a hedged item in a fair value hedge. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised in statement of income over the term of the borrowing.

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 Shariah.

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 and hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest 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. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The Company designates certain derivatives as either:

- hedges of the change of fair value of recognised assets and liabilities ('fair value hedges'); or
- cash flow hedges

Fair value hedges
Fair value hedges are used while hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment. The change in the fair value of a hedging derivative is recognised in the statement of income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges
Cash flow hedging is used by the Company to hedge certain exposures to variability in future cash flows. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of income. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, or the Company chooses to end the hedging relationship.

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	
	2015	2014
	QR'000	QR'000
Revenue from pre-paid mobile services	**1,477,285**	1,406,138
Revenue from post-paid mobile services	**421,013**	341,512
Sale of equipment and other revenue	**408,381**	234,110
	2,306,679	1,981,760

6 OTHER EXPENSES

	Year ended 31 March	
	2015	2014
	QR'000	QR'000
Operating lease rentals	**130,921**	116,105
Other expenses	**334,866**	312,623
	465,787	428,728

7 INTEREST EXPENSE

	Year ended 31 March	
	2015	**2014**
	QR'000	**QR'000**
Interest on long term borrowings	**13,870**	24,206
Others	**(72)**	1,695
	13,798	25,901

8 INCOME TAX EXPENSE

	Year ended 31 March	
	2015	2014
	QR'000	QR'000
Income tax expense	-	-

The Company is exempt from paying corporate tax being a listed entity in Qatar Exchange. Further, no deferred tax assets or liabilities have been recognised.

9 BASIC AND DILUTED LOSS PER SHARE

	31 March 2015	31 March 2014
Loss for the year (QR '000)	**(215,835)**	(245,951)
Weighted average number of shares (in thousands)	**845,400**	845,400
Basic and diluted loss per share (QR)	**(0.26)**	(0.29)

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

10 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures QR'000	Network and equipment QR'000	Total QR'000
Cost:			
At 1 April 2013	167,316	1,352,528	1,519,844
Additions	37,971	205,123	243,094
Disposals	(2,050)	(4,539)	(6,589)
At 31 March 2014	203,237	1,553,112	1,756,349
Additions	26,296	462,621	488,917
Disposals	-	(134,019)	(134,019)
At 31 March 2015	**229,533**	**1,881,714**	**2,111,247**
Accumulated depreciation:			
At 1 April 2013	54,839	370,371	425,210
Charge for the year	29,743	167,657	197,400
Disposals	(1,948)	-	(1,948)
At 31 March 2014	82,634	538,028	620,662
Charge for the year	28,839	205,204	234,043
Disposals	-	(65,319)	(65,319)
At 31 March 2015	**111,473**	**677,913**	**789,386**
Net book value:			
At 31 March 2015	**118,060**	**1,203,801**	**1,321,861**
At 31 March 2014	120,603	1,015,084	1,135,687

The net book value of property, plant and equipment includes assets in the course of construction amounting to QR 60.9 million (2014: QR 148.4 million), which are not depreciated.

As part of the network modernisation project, the Company purchased capital assets amounting to QR 118.0 million and sold its existing assets with a net book value of QR 68.7 million for consideration of QR 57.2 million and recognised a loss on sale of QR 11.5 million in the statement of income. These are unpaid as at 31 March 2015 and hence the purchase of property, plant and equipment in statement of cash flows is presented net of this transaction.

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11 INTANGIBLE ASSETS

	License fee	Software	Indefeasible right to use	Total
	QR'000	QR'000	QR'000	QR'000
Cost:				
At 1 April 2013	7,726,000	636,087	20,684	8,382,771
Additions	-	100,978	28	101,006
At 31 March 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**
Accumulated amortisation:				
At 1 April 2013	1,578,479	248,422	1,149	1,828,050
Charge for the year	402,737	115,120	1,381	519,238
At 31 March 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**
Net book value:				
At 31 March 2015	**5,342,047**	**349,780**	**16,800**	**5,708,627**
At 31 March 2014	5,744,784	373,523	18,182	6,136,489

The net book value of software includes software under development amounting to QR 17.4 million (2014: QR 62.7 million), which are not amortised.

12 TRADE AND OTHER RECEIVABLES

	31 March 2015	31 March 2014
	QR'000	QR'000
Non-current assets:		
Prepayments	**21,467**	9,132
Current assets:		
Trade receivables – net	**135,240**	126,517
Prepayments	**27,976**	20,284
Due from related parties (note 22)	**8,236**	114,720
Accrued revenue receivables	**38,516**	27,950
Other receivables	**4,429**	14,105
	214,397	303,576

Trade and other receivables are net of provision for impairment amounting to QR 94.1 million (2014: QR 55.6 million), for which details are provided in note 23.

13 INVENTORIES

	31 March 2015	31 March 2014
	QR'000	QR'000
Goods held for resale	**26,545**	13,724

13 INVENTORIES (CONTINUED)

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

	31 March 2015 QR'000	31 March 2014 QR'000
At beginning of the year	**2,701**	3,514
Amounts charged /(released) to statement of income	**3,111**	(813)
Inventory written off	**(357)**	-
At end of the year	**5,455**	2,701

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 2015 QR'000	31 March 2014 QR'000
Cash at bank and on hand	**151,092**	97,401

15 SHARE CAPITAL

	31 March 2015		31 March 2014	
	Number	**QR'000**	Number	QR'000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QAR 10 each	**845,400,000**	**8,454,000**	845,400,000	8,454,000

16 LEGAL AND DISTRIBUTABLE RESERVE

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

	Year ended 31 March 2015		Year ended 31 March 2014	
	QR'000	**QR'000**	QR'000	QR'000
Balance at beginning of the year		**150,864**		1,917
Net loss for the year	**(215,835)**		(245,951)	
Amortisation of license fee	**402,737**		402,737	
Distributable profits		**186,902**		156,786
Transfer to legal reserve		**(9,345)**		(7,839)
Dividend declared		**(143,718)**		-
Balance at year end		**184,703**		150,864

17 WAKALA LIABILITIES

	31 March 2015 QR'000	31 March 2014 QR'000
Wakala Liabilities	**909,169**	-

The Company agreed a Sharia compliant wakala facility with Vodafone Finance Limited for an amount of USD 330 million (QR 1,201.7 million) on 18 November 2014. The facility has a tenure of five years and an agreed profit share that is 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. 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. Management considered its ability and long term plans to conclude that these liabilities are non-current in nature.

Wakala liabilities also include wakala arrangement with Vodafone and Qatar Foundation L.L.C. for an amount of QR 6.5 million to invest these amounts in shariah compliant investments.

18 LONG TERM BORROWINGS

	31 March 2015 QR'000	31 March 2014 QR'000
Loan from Vodafone Investments Luxembourg SARL	**-**	951,066

The Company had three credit facilities totalling to USD 330 million from Vodafone Investments Luxembourg SARL at variable interest rates. These facilities were fully paid and settled on 15 December 2014.

19 PROVISIONS

	31 March 2015 QR'000	31 March 2014 QR'000
Asset retirement obligations	**6,167**	5,902
Employee's end of service benefits (note 19.1)	**19,565**	15,365
Other provisions	**17,480**	12,666
	43,212	33,933

19.1 Employee's end of service benefits

	Year ended 31 March	
	2015 QR'000	2014 QR'000
At 1 April	**15,365**	10,666
Charge for the year	**5,465**	6,861
Payments during the year	**(1,265)**	(2,162)
	19,565	15,365

20 TRADE AND OTHER PAYABLES

	31 March 2015 QR'000	31 March 2014 QR'000
Non-current liabilities:		
Supplier retentions	**40,477**	40,897
Current liabilities:		
Trade payables	**329,100**	227,809
Accruals and deferred income	**458,391**	458,872
Other payables	**10,149**	2,354
Dividend payable (note 20.1)	**11,679**	-
Due to related parties (note 22)	**75,607**	55,320
	884,926	744,355

20.1 Dividend payable

	Year ended 31 March	
	2015 QR'000	2014 QR'000
Dividend declared	**143,718**	-
Dividend paid in cash	**(132,039)**	-
Dividend payable (uncollected)	**11,679**	-

21 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	Year ended 31 March	
	2015 QR'000	2014 QR'000
Net loss for the year	**(215,835)**	(245,951)
Adjustments for:		
Depreciation	**234,043**	197,400
Amortisation	**518,344**	519,238
Interest expense	**13,798**	25,901
Wakala financing costs	**4,815**	-
Interest income	**(165)**	(394)
Loss on disposal of property, plant and equipment	**11,500**	-
(Increase)/ decrease in inventories	**(12,821)**	2,899
Decrease/ (increase) in trade and other receivables	**76,844**	(84,552)
Increase in trade and other payables	**10,500**	92,884
Increase in provisions	**9,279**	8,535
Net cash flow from operating activities	**650,302**	515,960

22 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	
	2015	2014
	QR'000	QR'000
Sales of goods and services		
Vodafone Group Plc controlled entities	**36,949**	14,613
Purchases of goods and services		
Vodafone Group Plc controlled entities	**148,177**	103,384
Interest on long term borrowing		
Vodafone Investments Luxembourg SARL	**13,870**	24,206
Wakala financing costs		
Vodafone Finance Limited	**4,815**	-

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:

	31 March 2015	31 March 2014
	QR'000	QR'000
Receivables from related parties:		
Vodafone Group Plc controlled entities	**8,236**	114,720
Payables to related parties:		
Vodafone Group Plc controlled entities	**75,607**	55,320
Loans from a related party:		
Loans from Vodafone Investment SARL	**-**	951,066
Wakala financing		
Wakala financing from Vodafone Finance Limited	**902,650**	-
Wakala from Vodafone and Qatar Foundation L.L.C.	**6,519**	-

	31 March 2015	31 March 2014
	QR'000	QR'000
Compensation of key management personnel		
Salaries and short-term benefits	**23,416**	22,875
Employees' end of service benefits	**1,131**	1,173
	24,547	24,048

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 (2014: nil). The payables to related parties arise mainly from purchase transactions and bear no interest. Loans from related parties bear interest at variable rates and Wakala liabilities have an anticipated profit rate.

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management

The following table summarises the capital structure of the Company:

	31 March 2015 QR'000	31 March 2014 QR'000
Borrowings	**-**	951,066
Wakala liabilities	**909,169**	-
Cash and cash equivalents	**(151,092)**	(97,401)
Net debt	**758,077**	853,665
Total equity	**5,566,205**	5,925,758
Gearing ratio	**13.6%**	14.4%

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.

In order to maintain or adjust the capital structure, the Company has the option to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt or avail funds from existing Wakala facility.

Categories of financial instruments

	31 March 2015 QR'000	31 March 2014 QR'000
Loans and receivables:		
Cash and cash equivalents	**151,092**	97,401
Trade and other receivables (excluding prepayments)	**186,421**	283,292
Other financial liabilities at amortised cost:		
Trade and other payables (excluding accruals and deferred income)	**467,012**	326,380
Long term borrowings	**-**	951,066
Wakala liabilities	**909,169**	-

Foreign currency risk management
The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

During the year the Company has entered into a number of foreign exchange forward contracts to hedge its exposure to Euro currency fluctuations. There were no such hedges outstanding as at the reporting year end.

Interest rate risk management
The Company is not subject to interest rate risk and the Company closed all interest bearing loans and borrowings during the year.

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 9 million.

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23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

	31 March 2015	31 March 2014
	QR'000	QR'000
At 1 April	**55,565**	32,558
Amounts charged to income statement	**38,561**	23,007
At 31 March	**94,126**	55,565

The following table presents ageing of trade receivables (gross):

	31 March 2015	31 March 2014
	QR'000	QR'000
0 – 30 days	**77,317**	99,685
31 – 60 days	**39,702**	22,663
61 – 90 days	**20,402**	4,169
Over 90 days	**91,945**	55,565
	229,366	182,082

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 was:

	Carrying amount	
	31 March 2015	31 March 2015
	QR'000	QR'000
Cash and cash equivalents	**151,092**	97,401
Trade and other debit balances (excluding prepayments)	**186,421**	283,292
	337,513	380,693

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 Company has secured Wakala facilities from Vodafone Finance Limited which the Company has at its disposal to further reduce liquidity risk.

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.

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk management (continued)

At 31 March 2015	**Less than 1 Year QR'000**	**More than 1 year QR'000**
Trade and other payables	**426,535**	**40,477**
Wakala liabilities	**-**	**909,169**

At 31 March 2014	Less than 1 Year QR'000	More than 1 year QR'000
Trade and other payables	285,483	40,897
Long term borrowings	-	951,066

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)

At year-end, no financial assets or liabilities were measured at fair value. 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.

24 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, none of which are individually significant to the Company. Future lease payments comprise:

	31 March 2015	31 March 2014
	QR'000	QR'000
Within one year	**120,876**	118,482
In more than one year but less than two years	**73,197**	72,150
In more than two years but less than three years	**60,208**	65,423
In more than three years but less than four years	**48,959**	53,563
In more than four years but less than five years	**45,918**	42,174
In more than five years	**382,924**	448,292
	732,082	800,084

Other commitments

	31 March 2015	31 March 2014
	QR'000	QR'000
Contracts placed for future capital expenditure not provided for in the financial statements	**72,386**	196,481

Contingent liabilities

	31 March 2015	31 March 2014
	QR'000	QR'000
Performance bonds	**32,827**	24,566
Credit guarantees – third party indebtedness	**900**	900

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.

25 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, provides 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 2015 was 10.1% (2014: 10.1%) and the long-term growth rate was 4.0% (2014: 4.3%). The management does not expect significant costs to be incurred for renewal of its mobile and fixed licenses. There has been no guidance from the respective authorities on determination of a process or cost structure for renewal of these licenses.

Should the pre-tax discount rate applied in the model, having other inputs constant, be increased by 3.9% the model would suggest to recognise an impairment provision, since recoverable amount would be lower than carrying amount of intangible assets and property, plant and equipment.

25 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.

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 % (2014: 14.8%) 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.

25 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.

26 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

New and amended standards adopted by the Company

The following standards are effective for the first time for the financial year beginning on or after 1 January 2014 and have no material impact on the Company:

- Offsetting Financial Assets and Financial Liabilities" - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities" (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014
- IFRIC 21 – "Levies" (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014).
- Amendments to IAS 36 – "Recoverable amount disclosures for non-financial assets" (issued in May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period).
- Amendments to IAS 39 – "Novation of Derivatives and Continuation of Hedge Accounting" (issued in June 2013 and effective for annual periods beginning 1 January 2014).

New standards and interpretations not yet adopted

Below are other IFRSs or IFRIC interpretations that are not yet effective that would not be expected to have a material impact on the financial statements of the Company:

- Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).
- IFRS 14, Regulatory deferral accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).

26 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

New standards and interpretations not yet adopted (continued)

Below standard is not yet effective but have material impact on the financial statements of the Company:

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Company is currently in the process of assessing the impact of IFRS 9 on the financial statements of the Company.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently in the process of assessing the impact of the new standard.

27 RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain amounts reported within the notes to the financial statements for the comparative period have been reclassified to preserve comparability with the current year presentation. These reclassifications do not have an impact on the primary financial statements of the Company reported during the previous year.