



VODAFONE QATAR Q.S.C.

**INTERIM CONDENSED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE SIX MONTH PERIOD ENDED
30 SEPTEMBER 2012**

VODAFONE QATAR Q.S.C.



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

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2012

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Independent auditor's review report

To
The Shareholders
Vodafone Qatar Q.S.C.
Doha
State of Qatar

Introduction

We have reviewed the accompanying interim condensed financial statements of Vodafone Qatar Q.S.C (the "Company"), which comprise the interim condensed statement of financial position as of 30 September 2012 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended (together referred to as "interim condensed financial statements"), and a summary of selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard No. (34), "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

For Deloitte & Touche

Doha - State of Qatar
14 November 2012

Midhat Salha
License No. 257

	Notes	Six months ended 30 September	
		2012	2011
		(Reviewed) QR'000	(Reviewed) QR'000
Revenue	4	695,897	590,310
Direct costs		(308,042)	(275,925)
Other expenses		(285,421)	(249,208)
Earnings before interest, tax, depreciation and amortisation		102,434	65,177
Depreciation		(128,216)	(86,930)
Amortisation of licenses		(201,368)	(201,920)
Interest income		464	3,481
Financing costs		(13,303)	(17,114)
Loss before taxation		(239,989)	(237,306)
Income tax expense	5	-	-
Net loss for the period		(239,989)	(237,306)
Basic and diluted loss per share (in QR per share)	6	(0.28)	(0.28)


	Note	Six months ended 30 September	
		2012	2011
		(Reviewed) QR'000	(Reviewed) QR'000
Net loss for the period		(239,989)	(237,306)
Other comprehensive income			
Net movement in fair value of cash flow hedges during the period	9	<u>4,306</u>	<u>(18,235)</u>
Total comprehensive income for the period		<u>(235,683)</u>	<u>(255,541)</u>

		30 September 2012	31 March 2012
	Notes	(Reviewed) QR'000	(Audited) QR'000
Non-current assets			
Property, plant and equipment	7	1,361,356	1,363,974
Intangible assets	8	6,369,575	6,550,258
Trade and other receivables		10,523	6,940
Total non-current assets		7,741,454	7,921,172
Current assets			
Inventories		12,504	11,895
Trade and other receivables		170,003	171,339
Cash and cash equivalents		78,842	100,338
Total current assets		261,349	283,572
Total assets		8,002,803	8,204,744
Equity			
Share capital		8,454,000	8,454,000
Legal reserve		11,442	11,442
Hedging reserve	9	5,379	1,073
Accumulated losses		(2,133,003)	(1,893,014)
Total equity		6,337,818	6,573,501
Non-current liabilities			
Employees' end of service benefits		9,585	8,233
Provisions		12,174	10,939
Long term borrowings	10	1,048,859	1,037,266
Total non-current liabilities		1,070,618	1,056,438
Current liability			
Trade and other payables		594,367	574,805
Total current liability		594,367	574,805
Total liabilities		1,664,985	1,631,243
Total equity and liabilities		8,002,803	8,204,744

The interim condensed financial statements were approved by the Board of Directors on 14 November 2012 and were signed on its behalf by:



 Richard Paul Daly
 Chief Executive Officer



 Stephen Charles Walters
 Chief Financial Officer

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 September 2012

	Share capital	Legal Reserve	Hedging reserve	Accumulated losses	Total equity
	QR '000				
Balance at 1 April 2011 (Audited)	8,454,000	11,442	19,784	(1,407,028)	7,078,198
Total comprehensive loss for the period					
Net loss for the period	-	-	-	(237,306)	(237,306)
<i>Other comprehensive income:</i>					
Net movement in fair value of cash flow hedges	-	-	(18,235)	-	(18,235)
Total comprehensive loss for the period	-	-	(18,235)	(237,306)	(255,541)
Balance at 30 September 2011 (Reviewed)	8,454,000	11,442	1,549	(1,644,334)	6,822,657
Balance at 1 April 2012 (Audited)	8,454,000	11,442	1,073	(1,893,014)	6,573,501
Total comprehensive loss for the period					
Net loss for the period	-	-	-	(239,989)	(239,989)
<i>Other comprehensive income:</i>					
Net movement in fair value of cash flow hedges	-	-	4,306	-	4,306
Total comprehensive loss for the period	-	-	4,306	(239,989)	(235,683)
Balance at 30 September 2012 (Reviewed)	8,454,000	11,442	5,379	(2,133,003)	6,337,818

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements

	Note	Six months ended 30 September	
		2012	2011
		(Reviewed) QR'000	(Reviewed) QR'000
Net cash flows generated from operating activities	11	138,660	64,465
Cash flows used in investing activities			
Purchase of property, plant and equipment		(161,142)	(121,303)
Interest received		464	3,481
Total cash flows used in investing activities		(160,678)	(117,822)
Cash flows from financing activities			
Proceeds from long term borrowings		11,593	73,110
Interest paid		(11,071)	(15,759)
Net cash flows from financing activities		522	57,351
Net (decrease)/increase in cash and cash equivalents		(21,496)	3,994
Cash and cash equivalents at the beginning of the period		100,338	83,261
Cash and cash equivalents at the end of the period		78,842	87,255

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 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

The interim condensed financial statements for the six month period ended 30 September 2012 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (‘IAS 34’).

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 2012. In addition, the results for the six months ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2013.

QR) financial statements are stated in thousands of Qatari Riyals interim condensed All amounts in the ‘000.unless indicated otherwise (

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed are statements financial s annual financial statements for the year 'Company consistent with those followed in the preparation of the 2012 March 31ended , with the exception of certain revised and new standards and interpretations which became effective after 31 March 2012. hese changes have had no material effect on the reported results or T financial position of the Company.

the interim condensed financial statements requires management to make estimates and The preparation of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and rted amounts of revenue and expenses during the and the repo ,liabilities at the end of the reporting period The estimates and underlying assumptions .Actual results could vary from these estimates .reporting period high Revisions to accounting estimates are recognised in the period in w .are reviewed on an ongoing basis 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

4 REVENUE

	Six months ended 30 September	
	2012	2011
	(Reviewed)	(Reviewed)
	QR’000	QR’000
Revenue from sale of goods and services	693,158	554,953
Other revenue	2,739	35,357
	695,897	590,310

5 INCOME TAX

Corporate income tax is levied on companies that are not wholly owned by Qataris or GCC nationals, based on the net profit of the Company.

Deferred tax assets have not been recognised on the basis that the Company has a five year tax holiday following its incorporation and is exempt from paying income tax under its listed company status.

6 BASIC AND DILUTED LOSS PER SHARE

	Six months ended 30 September	
	2012	2011
	(Reviewed)	(Reviewed)
	QR'000	QR'000
Net loss for the period	<u>(239,989)</u>	<u>(237,306)</u>
Weighted average number of shares (in thousands)	<u>854,400</u>	<u>854,400</u>
Basic and diluted loss per share (in QR)	<u>(0.28)</u>	<u>(0.28)</u>

There were no potentially dilutive shares outstanding at any time during the period and therefore the diluted loss per share equals basic loss per share.

7 PROPERTY, PLANT AND EQUIPMENT

	30 September	31 March
	2012	2012
	(Reviewed)	(Audited)
	QR'000	QR'000
Net book value at the beginning of the period / year	1,363,974	1,161,201
Additions during the period / year	125,598	399,412
Depreciation for the period / year	<u>(128,216)</u>	<u>(196,639)</u>
Net book value at the end of the period/ year	<u>1,361,356</u>	<u>1,363,974</u>

8 INTANGIBLE ASSETS

	30 September	31 March
	2012	2012
	(Reviewed)	(Audited)
	QR'000	QR'000
Net book value at the beginning of the period / year	6,550,258	6,954,098
Additions during the period / year	20,685	-
Amortisation for the period / year	<u>(201,368)</u>	<u>(403,840)</u>
Net book value at the end of the period / year	<u>6,369,575</u>	<u>6,550,258</u>

9 HEDGING RESERVE

Under the Company's foreign exchange management policy, the Company hedges foreign exchange risk in external transactions by using the forward foreign exchange market.

During the period, the Company entered into a number of forward foreign exchange contracts. The fair value change in the interim condensed statement of comprehensive income represents the difference between the fair value of the foreign exchange forwards at contract date and at the reporting date. The notional amount of the hedge contracts as at 30 September 2012 amounted to EUR 29.97 million (QR 137.7 million).

10 LONG TERM BORROWINGS

	30 September 2012	31 March 2012
	(Reviewed) QR'000	(Audited) QR'000
Loan from Vodafone Investment SARL	1,048,859	1,037,266
	1,048,859	1,037,266

11 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	Six months ended 30 September	
	2012	2011
	(Reviewed) QR'000	(Reviewed) QR'000
Operating loss for the period before interest income and finance cost	(227,150)	(223,673)
Adjustments for:		
Depreciation and amortisation	329,584	288,850
Financing costs	(2,232)	(1,354)
Increase in inventories	(609)	(4,155)
Decrease in trade and other receivables	(18,626)	28,538
Increase / (decrease) in trade and other payables	55,106	(26,527)
Increase in employees' end of service benefits	1,352	1,647
Increase in provisions	1,235	1,139
Net cash generated from operating activities	138,660	64,465

12 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 Company is controlled by Vodafone and Qatar Foundation LLC, which owns 45% of the Company shares. The ultimate parent of the Company is Vodafone Group Plc (incorporated in England).

Goods and services are bought from related parties at prices approved by management. The following transactions were carried out with related parties:

	Six months ended 30 September	
	2012	2011
	(Reviewed) QR'000	(Reviewed) QR'000
<i>Sale of goods and services</i>		
Vodafone Group Plc controlled entities	1,863	983
<i>Purchase of goods and services</i>		
Vodafone Group Plc controlled entities	31,304	30,636
<i>Interest and commitment fees on related party borrowings</i>		
Interest charged on related party loans	12,795	15,759

12 RELATED PARTY TRANSACTIONS (CONTINUED)

Balances arising from purchases of goods/services are as follows:

	30 September 2012	31 March 2012
	(Reviewed) QR'000	(Audited) QR'000
Receivables from related parties		
Vodafone Group Plc controlled entities	<u>2,598</u>	<u>1,201</u>
Payables to related parties:		
Vodafone Group Plc controlled entities	<u>82,350</u>	<u>84,238</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 and are repayable on demand. Loans from related parties bear interest at variable rates.

12 SEGMENT INFORMATION

The Company only operates in Qatar and is therefore viewed to operate in one geographical area. Management also views that its mobile business is the only operating segment of the Company. Fixed line services are considered to be part of the same operating segment and reported as such internally to management.

13 OMMITMENTS AND CONTINGENT LIABILITIES

	30 September 2012	31 March 2012
	(Reviewed) QR'000	(Audited) QR'000
Operating lease commitments	<u>660,557</u>	<u>709,191</u>
Capital commitments	<u>132,941</u>	<u>118,738</u>
Contingent liabilities	<u>20,900</u>	<u>20,900</u>