VODAFONE QATAR Q.S.C.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
31 MARCH 2017

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Independent auditor's report to the shareholders of Vodafone Qatar Q.S.C

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Vodafone Qatar Q.S.C (the "Company") present fairly, in all material respects, the financial position of the Company as at 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Company's financial statements comprise:

- the statement of income for the year ended 31 March 2017;
- the statement of comprehensive income for the year ended 31 March 2017;
- the statement of financial position as at 31 March 2017;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters	The areas of focus for our audit, which involved the greatest allocation of our resources and effort, were: • Revenue recognition • Assessment of impairment of intangible assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

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

Key audit matter	*How our audit addressed the Key audit matter*
Revenue Recognition	
The total revenue recognised in the statement of income is QR 2,058 million for the year ended 31 March 2017. There is an inherent risk around the accuracy of revenue recorded given the complexity of the revenue process and the number of non-interfaced systems involved. These result in the need for manual entries for revenue to be made to the general ledger, including the performance of a manual deferred revenue calculation and for reconciliation of those entries back to key systems for management to ensure accuracy. We focused on this area because of the materiality of revenues from prepaid and postpaid services and an error in the manual calculations, if it exists, could have a material impact on the financial statements.	Our audit approach included controls testing and substantive procedures, in particular, we: - Evaluated the relevant IT systems and the design of controls, including manual controls, and on a sample basis tested the operating effectiveness of controls over the: o capture and recording of revenue transactions; o authorisation of rate changes and the input of this information to the billing systems; and o calculation of amounts billed to customers. - Recalculated a sample of the prepaid revenue based on the beginning and ending deferred revenue balances and tested the accuracy and valuation of the deferred revenue balance; - Tested revenues through the reconciliation of revenue to cash received; - Tested cash receipts for a sample of customers back to customer invoices; - Assessed the Company's selected accounting policies for revenue recognition and consistency with prior year; and - Tested the adequacy and completeness of the related disclosures of revenue.
Assessment of impairment of intangible assets	
The Company's intangible assets amounted to QR 4,781 million as at 31 March 2017. These assets are stated at cost less accumulated amortization (note 11). As discussed in Note 23, the Company is required under IFRS to undertake a test for impairment of finite lived assets if events or	We obtained management's impairment model and discussed the critical assumptions used by them with management and the Audit Committee. In particular, we focused on the terminal EBITDA used, long-term growth rate, pre-tax discount rate, and the

changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Management has assessed that there is one cash-generating unit due to the interdependency of cash flows derived from the mobile and fixed businesses and therefore one test has been performed. Based on the model developed by management and the results of the impairment test, management has concluded that no impairment is required. However, the results are sensitive to changes in the assumptions, including changes in terminal Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), long-term growth rate, pre-tax discount rate, and changes in the discounted cost of license renewal.

The assumptions used in the model to calculate the net present value of future cash flows are derived from a combination of analysts' forecasts and management's best estimates and are highly judgemental. Refer to Note 23 for more details about critical accounting estimates and assumptions used.

We focused on this area because of the significant judgments involved in performing the impairment test and the materiality of the value of intangible assets. An impairment, if it were to exist, could have a material impact on the financial statements both in terms of the carrying value in the Statement of Financial Position and in the income statements for the current and future periods.

discounted cost of license renewal. We carried out the following audit procedures:

- Our valuation experts assessed the appropriateness of certain key assumptions used in the model in accordance with IAS 36 and considered evidence provided by management to support the assumptions used. They compared the assumptions applied in the model to their own assessment of the Company's financing and capital costs and to external data where possible;
- Assessed the likely reliability of management's forecast through a comparison of actual performance against previous forecasts;
- Assessed the reasonableness and consistency of the calculation of the assumed licence renewal cost;
- Tested the mathematical accuracy of the model; and
- Reviewed the disclosures in the financial statements made in relation to the impairment testing and to the description of critical accounting estimates and assumptions.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Company has carried out a physical verification of inventories at the year-end in accordance with observed principles;
- The Company has maintained proper books of account and the financial statements are in agreement therewith;
- The financial information included in the Board of Directors' Report is in agreement with the books and records of the Company; and
- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 March 2017.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Mohamed Elmoataz

Auditor's registration number 281
Doha, State of Qatar
17 May 2017

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PRICEWATERHOUSECOOPERS - Qatar Branch
P. O Box : 6689
Doha, State of Qatar

	Notes	Year ended 31 March 2017 QR'000	2016 QR'000
Revenue	5	**2,058,630**	2,119,308
Interconnection and other direct expenses	6	**(739,676)**	(934,861)
Employee salaries and benefits		**(231,777)**	(222,352)
Network, rentals and other operational expenses	7	**(550,664)**	(561,211)
Earnings before interest, tax, depreciation and amortisation	2	**536,513**	400,884
Depreciation	10	**(270,062)**	(297,137)
Amortisation	11	**(509,520)**	(518,532)
Loss on disposal of property, plant and equipment	10	**(62)**	(31,815)
Operating loss		**(243,131)**	(446,600)
Wakala financing cost		**(24,621)**	(18,304)
Other financing costs	8	**(3,661)**	(1,123)
Profit from mudaraba		**2,230**	313
Loss for the year		**(269,183)**	(465,714)
Basic and diluted loss per share (in QR per share)	9	**(0.32)**	(0.55)

The accompanying notes 1 to 26 form an integral part of these financial statements.

VODAFONE QATAR Q.S.C.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Year ended 31 March	
	2017	2016
	QR'000	QR'000
Loss for the year	**(269,183)**	(465,714)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(269,183)**	(465,714)

The accompanying notes 1 to 26 form an integral part of these financial statements.

VODAFONE QATAR Q.S.C.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

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	Notes	31 March 2017 QR'000	31 March 2016 QR'000
Non-current assets			
Property, plant and equipment	10	**1,232,878**	1,248,644
Intangible assets	11	**4,781,947**	5,235,124
Trade and other receivables	12	**25,443**	34,218
Total non-current assets		**6,040,268**	6,517,986
Current assets			
Inventories	13	**13,165**	13,426
Trade and other receivables	12	**356,793**	330,409
Cash and cash equivalents	14	**168,884**	130,409
Total current assets		**538,842**	474,244
Total assets		**6,579,110**	6,992,230
Equity			
Share capital	15	**8,454,000**	8,454,000
Legal reserve	16	**35,405**	28,727
Distributable profits	16	**134,045**	7,169
Accumulated losses		**(3,969,676)**	(3,566,939)
Total equity		**4,653,774**	4,922,957
Non-current liabilities			
Wakala liabilities	17	**945,554**	1,022,868
Provisions	18	**114,211**	61,682
Trade and other payables	19	**49,823**	47,733
Total non-current liabilities		**1,109,588**	1,132,283
Current liability			
Trade and other payables	19	**815,748**	936,990
Total current liability		**815,748**	936,990
Total liabilities		**1,925,336**	2,069,273
Total equity and liabilities		**6,579,110**	6,992,230

The financial statements were approved by the Board of Directors on 17 May 2017 and were signed on its behalf by:

H.E. Abdullah Bin Nasser Al Misnad
Chairman

Ian Gray
Chief Executive Officer

The accompanying notes 1 to 26 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Share Capital	Legal reserve	Distributable profits	Accumulated Losses	Total equity
	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at 1 April 2015	8,454,000	28,727	184,703	(3,101,225)	5,566,205
Total comprehensive loss for the year					
Loss for the year (note 16)	-	-	-	(465,714)	(465,714)
Total comprehensive loss for the year	-	-	-	(465,714)	(465,714)
Dividend declared during the year (note 19.1)	-	-	(177,534)	-	(177,534)
Balance at 31 March 2016	8,454,000	28,727	7,169	(3,566,939)	4,922,957
Balance at 1 April 2016	**8,454,000**	**28,727**	**7,169**	**(3,566,939)**	**4,922,957**
Total comprehensive loss for the year:					
Loss for the year (note 16)	-	-	-	**(269,183)**	**(269,183)**
Total comprehensive loss for the year	-	-	-	**(269,183)**	**(269,183)**
Transfer to distributable profits (note 16)	-	-	**133,554**	**(133,554)**	-
Transfer to legal reserve (note 16)	-	**6,678**	**(6,678)**	-	-
Balance at 31 March 2017	**8,454,000**	**35,405**	**134,045**	**(3,969,676)**	**4,653,774**

The accompanying notes 1 to 26 form an integral part of these financial statements.

	Notes	Year ended 31 March 2017 QR'000	2016 QR'000
Cash flows from operating activities			
Net loss for the year		**(269,183)**	(465,714)
Adjustments for:			
Depreciation	10	**270,062**	297,137
Amortisation	11	**509,520**	518,532
Profit from mudaraba		**(2,230)**	(313)
Other financing costs		**3,661**	1,123
Wakala financing cost		**24,621**	18,304
Loss on disposal of property, plant and equipment		**62**	31,815
Change in operating assets and liabilities			
Decrease in inventories		**261**	13,119
Increase in trade and other receivables		**(17,609)**	(50,380)
Decrease in trade and other payables		**(117,587)**	(88,314)
Increase in provisions		**5,080**	18,470
Net cash flows from operating activities		**406,658**	293,779
Cash flows used in investing activities			
Purchase of property, plant and equipment	10	**(206,927)**	(194,291)
Purchase of intangible assets	11	**(56,343)**	(45,029)
Proceeds from disposal of property, plant and equipment		**18**	28
Profit received from mudaraba		**2,230**	313
Net cash flows used in investing activities		**(261,022)**	(238,979)
Cash flows used in financing activities			
(Repayment of) / proceeds from wakala financing	17	**(101,935)**	95,395
Dividend paid	19.1	**(5,226)**	(170,878)
Net cash flows used in financing activities		**(107,161)**	(75,483)
Net increase / (decrease) in cash and cash equivalents		**38,475**	(20,683)
Cash and cash equivalents at the beginning of the year		**130,409**	151,092
Cash and cash equivalents at the end of the year	14	**168,884**	130,409

The accompanying notes 1 to 26 form an integral part of these financial statements.

1 INCORPORATION AND PRINCIPAL ACTIVITIES

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

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

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

Qatar Commercial Companies Law No. 11 of 2015 (the "new Commercial Companies Law") which is applicable to the Company came into effect from 7 August 2015. The Company 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 the 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. These amended Articles of Association have also been approved by the Ministry of Economy and Commerce on 24 April 2017 however, formal approval of the Ministry of Justice is pending.

2 BASIS OF PREPARATION

Statement of compliance

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

Accounting convention

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

Functional and presentation currency

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

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting year. For a discussion on the Company's critical accounting estimates see "Critical Accounting Estimates" under note 23. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA has been a key external measure used by the Company to assess the financial performance to shareholders and others and has been presented as part of the statement of income. The Company did not incur any interest income or expense during the year, instead the Company incurred the financing cost in relation to its Wakala facility as further described in note 17.

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Revenue from access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from interconnect fees is recognised at the time the services are performed. Revenue from data services and information provision is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

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

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

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

Commissions and dealer costs
Intermediaries are given cash incentives by the Company to connect new customers, upgrade existing customers, and distribute recharge cards. These cash incentives are recognised in statement of income on an accrual basis.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Income tax
As per Income Tax Law No. 21 of 2009, corporate income tax is levied on companies that are not wholly owned by Qataris or any GCC nationals, based on the net profit of the Company. As per the provisions of the law the Company is not subject to corporate income tax as it is listed on the Qatar Exchange.

Property, plant and equipment

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

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

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 the end of each reporting period, 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial assets
Financial assets recognised by the Company include:

Trade receivables
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

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

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

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

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

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

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

Wakala financing liabilities
The Company entered into a wakala agreement in the capacity of a wakil. Wakala is an agreement between two parties whereby one party (the "Muwakkil") provides funds ("Investment Amount") to an agent (the "Wakil"), to invest on their behalf in accordance with the principles of Sharia. The Investment Amount is available for unrestricted use for capital expenditure, operational expenses and for settlement of liabilities. If profits are made, the Wakil will pay an agreed-upon share of these profits to the Muwakkil. The Investment Amount is repaid back at the end of the investment period along with any accumulated profits. Hence Wakala liabilities are stated at amortised cost in the statement of financial position. The attributable profits are recognised as wakala financing costs in the statement of income on a time apportionment basis, taking account of the anticipated profit rate and the balance outstanding.

Equity instruments
Ordinary shares issued by the Company are classified as equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

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

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 the balance sheet date.

4 SEGMENT REPORTING

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance of the components. The functions of the CODM are performed by the Board of Directors of the 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	
	2017	2016
	QR'000	QR'000
Revenue from pre-paid mobile services	**1,172,410**	1,298,039
Revenue from post-paid mobile services	**603,844**	496,537
Sale of equipment and other revenue	**282,376**	324,732
	2,058,630	2,119,308

6 INTERCONNECTION AND OTHER DIRECT EXPENSES

	Year ended 31 March	
	2017	2016
	QR'000	QR'000
Interconnection and roaming costs	**464,550**	603,371
Equipment and other direct costs	**120,934**	167,528
Commissions and dealer costs	**102,862**	111,905
Regulatory costs	**33,756**	25,996
Provision for impairment of receivables	**17,574**	26,061
	739,676	934,861

Provision for impairment is net of collections from previously written off balances of QR 2.3 million (2016: nil).

7 NETWORK, RENTALS AND OTHER OPERATIONAL EXPENSES

	Year ended 31 March	
	2017	2016
	QR'000	QR'000
Operating lease rentals	**174,401**	156,697
Network and other operational expenses	**376,263**	404,514
	550,664	561,211

8 OTHER FINANCING COSTS

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

9 BASIC AND DILUTED LOSS PER SHARE

	31 March 2017	31 March 2016
Loss for the year (QR '000)	**(269,183)**	(465,714)
Weighted average number of shares (in thousands)	**845,400**	845,400
Basic and diluted loss per share (QR)	**(0.32)**	(0.55)

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

10 PROPERTY, PLANT AND EQUIPMENT

	Network and equipment QR'000	Furniture and fixtures QR'000	Total QR'000
Cost:			
At 1 April 2015	1,881,714	229,533	2,111,247
Additions	345,723	5,064	350,787
Disposals	(329,163)	-	(329,163)
At 31 March 2016	1,898,274	234,597	2,132,871
Additions	245,628	8,748	254,376
Disposals	(78,109)	(20,325)	(98,434)
At 31 March 2017	**2,065,793**	**223,020**	**2,288,813**
Accumulated depreciation:			
At 1 April 2015	677,913	111,473	789,386
Charge for the year	260,181	36,956	297,137
Disposals	(202,296)	-	(202,296)
At 31 March 2016	735,798	148,429	884,227
Charge for the year	240,462	29,600	270,062
Disposals	(78,030)	(20,324)	(98,354)
At 31 March 2017	**898,230**	**157,705**	**1,055,935**
Net book value:			
At 31 March 2017	**1,167,563**	**65,315**	**1,232,878**
At 31 March 2016	1,162,476	86,168	1,248,644

The net book value of property, plant and equipment includes assets in the course of construction amounting to QR 40.57 million (2016: QR 20.2 million), which are not depreciated.

As part of the network modernisation project, the Company purchased capital assets amounting to nil (2016: 118.0 million) and sold its existing assets with a net book value of nil (2016: QR 68.7 million) for consideration of nil (2016: QR 57.2 million) and recognised a loss on sale of nil (2016: QR 11.5 million) in the statement of income.

The Company also sold radio network controllers and other assets during the year and recognised a further loss on disposal of QR 0.062 million (2016: QR 11.8 million).

During the year, the Company revised its estimates used in the calculation of Asset retirement obligations and as a result recorded an additional provision of QR 47.4 million. This was part of the additions of property, plant and equipment. The amount was excluded from the purchase of property, plant, and equipment in statement of cash flows.

11 INTANGIBLE ASSETS

	License fee QR'000	Software QR'000	Indefeasible right to use QR'000	Total QR'000
Cost:				
At 1 April 2015	7,726,000	827,547	20,712	8,574,259
Additions	-	45,029	-	45,029
At 31 March 2016	7,726,000	872,576	20,712	8,619,288
Additions	-	56,343	-	56,343
Disposals	-	(10,998)	-	(10,998)
At 31 March 2017	**7,726,000**	**917,921**	**20,712**	**8,664,633**
Accumulated amortisation:				
At 1 April 2015	2,383,953	477,767	3,912	2,865,632
Charge for the year	403,840	113,932	760	518,532
At 31 March 2016	2,787,793	591,699	4,672	3,384,164
Charge for the year	402,737	105,345	1,438	509,520
Disposals	-	(10,998)	-	(10,998)
At 31 March 2017	**3,190,530**	**686,046**	**6,110**	**3,882,686**
Net book value:				
At 31 March 2017	**4,535,470**	**231,875**	**14,602**	**4,781,947**
At 31 March 2016	4,938,207	280,877	16,040	5,235,124

The net book value of software includes software under development amounting to QR 29.63 million (2016: QR 0.63 million), which are not amortised.

12 TRADE AND OTHER RECEIVABLES

	31 March 2017 QR'000	31 March 2016 QR'000
Non-current assets:		
Prepayments	**25,443**	34,218
Current assets:		
Trade receivables – net	**252,440**	261,090
Prepayments	**52,797**	31,507
Due from related parties (note 20)	**5,432**	3,999
Accrued revenue receivables	**35,742**	27,575
Other receivables	**10,382**	6,238
	356,793	330,409

Trade and other receivables are net of provision for impairment amounting to QR 50.3 million (2016: QR 30.4 million) after a write off of nil (2016: QR 89.8 million) during the year, for which details are provided in note 21.

13 INVENTORIES

	31 March 2017 QR'000	31 March 2016 QR'000
Handsets	**11,233**	9,130
Scratch cards and accessories	**1,932**	4,296
	13,165	13,426

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

	31 March 2017 QR'000	31 March 2016 QR'000
Balance at beginning of the year	**7,708**	5,455
Amounts (credited) / charged to statement of income	**(3,566)**	2,928
Inventory written off	**(129)**	(675)
Balance at year end	**4,013**	7,708

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 2017 QR'000	31 March 2016 QR'000
Mudaraba deposits	**100,000**	70,000
Cash at bank	**68,784**	60,291
Cash on hand	**100**	118
	168,884	130,409

15 SHARE CAPITAL

	31 March 2017		31 March 2016	
	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 RESERVE AND DISTRIBUTABLE PROFITS

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

Legal reserve:
The excess of issuance fees collected over the issuance cost during the initial public offering of the ordinary shares has been transferred to the legal reserve as required by Article 154 of Qatar Commercial Companies Law No. 5 of 2002. Further, as per 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.

16 LEGAL RESERVE AND DISTRIBUTABLE PROFITS (CONTINUED)

Distributable profits:
As per 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.

The above provision of Article of Association was impacted by the new Commercial law however, the Company amended its Articles of Association which were approved by the Ministry of Economy and Commerce as described in note 1. The formal approval of the Ministry of Justice is pending.

	Year ended 31 March 2017		Year ended 31 March 2016	
	QR'000	**QR'000**	QR'000	QR'000
Balance at beginning of the year		**7,169**		184,703
Dividend declared in respect of prior year distributable profits		**-**		(177,534)
		7,169		7,169
Net loss for the year	**(269,183)**		(465,714)	
Amortisation of license fee	**402,737**		403,840	
Distributable profits		**133,554**		-
Transfer to legal reserve		**(6,678)**		-
Balance at year end		**134,045**		7,169

17 WAKALA LIABILITIES

	31 March 2017	31 March 2016
	QR'000	QR'000
Balance at beginning of the year	**1,022,868**	909,169
Investments during the year	**-**	101,914
Wakala profit accumulation for the year	**24,621**	18,304
Settlement of wakala	**(101,935)**	(6,519)
Balance at year end	**945,554**	1,022,868

The Company entered into a Sharia compliant wakala facility with Vodafone Finance Limited for USD 330 million on 18 November 2014. The facility has a tenure of five years at an agreed profit share based on six month LIBOR plus a margin of 0.75%. The facility was availed on 15 December 2014.

The wakala investment is renewed on 31 March and 30 September every year to reset the profit rates without cash settlement. The accumulated profits are then reinvested by the Muwakkil. Wakala liabilities will be due for repayment five years from the origination date unless early termination is initiated by management. Based on management's plans, these liabilities are classified as non-current.

18 PROVISIONS

	31 March 2017	31 March 2016
	QR'000	QR'000
Asset retirement obligations (note 18.1)	**54,121**	6,354
Employees' end of service benefits (note 18.2)	**28,269**	25,448
Other provisions	**31,821**	29,880
	114,211	61,682

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

18.1 Asset retirement obligations

During the year, the Company revised its estimates used in the calculation of Asset retirement obligations and as a result recorded an additional provision of QR 47.4 million

18 PROVISIONS (CONTINUED)

18.2 Employees' end of service benefits

	Year ended 31 March	
	2017	2016
	QR'000	QR'000
Balance at beginning of the year	**25,448**	19,565
Charge for the year	**8,957**	8,694
Payments during the year	**(6,136)**	(2,811)
Balance at year end	**28,269**	25,448

19 TRADE AND OTHER PAYABLES

	31 March 2017	31 March 2016
	QR'000	QR'000
Non-current liabilities:		
Supplier retentions	**49,823**	47,733
Current liabilities:		
Trade payables	**400,431**	474,490
Accruals and deferred income	**312,207**	353,879
Other payables	**20,559**	11,681
Dividend payable (note 19.1)	**13,109**	18,335
Due to related parties (note 20)	**69,442**	78,605
	815,748	936,990

19.1 Dividend payable

	Year ended 31 March	
	2017	2016
	QR'000	QR'000
Balance at beginning of the year	**18,335**	11,679
Dividend declared in respect of prior year distributable profits	**-**	177,534
Dividend paid in cash	**(5,226)**	(170,878)
Balance at year end	**13,109**	18,335

No dividend is proposed for the year ended 31 March 2017.

20 RELATED PARTY TRANSACTIONS

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

	Year ended 31 March	
	2017	2016
	QR'000	QR'000
Sales of goods and services		
Vodafone Group Plc controlled entities	**4,132**	22,026
Purchases of goods and services		
Vodafone Group Plc controlled entities	**157,869**	171,665
Wakala financing costs		
Vodafone Finance Limited	**24,621**	18,304

20 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	31 March 2017 QR'000	31 March 2016 QR'000
Receivables from related parties:		
Vodafone Group Plc controlled entities	**5,432**	3,999
Payables to related parties:		
Vodafone Group Plc controlled entities	**69,442**	78,605
Wakala financing:		
Wakala financing from Vodafone Finance Limited	**945,554**	1,022,868

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 (2016: nil). The payables to related parties arise mainly from purchase transactions and bear no interest. Wakala liabilities have an anticipated profit rate as described in Note 17.

Compensation of key management personnel

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

	Year ended 31 March	
	2017 QR'000	2016 QR'000
Salaries and short-term benefits	**15,704**	21,545
Employees' end of service benefits	**514**	828
	16,218	22,373

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management

The following table summarises the capital structure of the Company:

	31 March 2017 QR'000	31 March 2016 QR'000
Wakala liabilities	**945,554**	1,022,868
Cash and cash equivalents	**(168,884)**	(130,409)
Net debt	**776,670**	892,459
Total equity	**4,653,774**	4,922,957
Gearing ratio	**16.7%**	18.1%

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's policy is to avail funds from existing wakala facilities to meet anticipated deficit in funding requirements.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

	31 March 2017	31 March 2016
	QR'000	QR'000
Loans and receivables:		
Cash and cash equivalents	**168,884**	130,409
Trade and other receivables (excluding prepayments)	**303,996**	298,902
Other financial liabilities at amortised cost:		
Trade and other payables (excluding accruals and deferred income)	**553,364**	630,844
Wakala liabilities	**945,554**	1,022,868

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

During the year the Company has entered into a number of foreign exchange forward contracts to hedge its exposure to Euro currency fluctuations. Forward contracts amounting to nil were outstanding as at 31 March 2017 (2016: EUR 10 million) for which the company recognised a gain of nil (2016: 1.44 million) as fair value through profit or loss.

Interest rate risk management
The Company has no interest bearing loans or receivables being a Sharia compliant business.

Profit rate on Wakala financing
The Company is liable to pay profit on Wakala financing at an anticipated profit rate which is computed based on six month LIBOR. Every one percent rise or fall in LIBOR rates would increase or reduce the total loss of the Company for the financial year by QR 9.5 million (2016: QR 10.2 million).

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

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

	31 March 2017	31 March 2016
	QR'000	QR'000
Balance at beginning of the year	**30,395**	94,126
Amounts charged to income statement	**19,884**	26,061
Receivables written off during the year	**-**	(89,792)
Balance at year end	**50,279**	30,395

During the year, the Company has written off aged debts more than one year amounting to nil (2016: QR 89.8 million), which were previously fully provided for.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management (continued)

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

	31 March 2017	31 March 2016
	QR'000	QR'000
0 – 30 days	**121,251**	159,103
31 – 60 days	**52,190**	53,919
61 – 90 days	**14,392**	10,539
Over 90 days	**114,886**	67,924
	302,719	291,485

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

	Carrying amount	
	31 March 2017	31 March 2016
	QR'000	QR'000
Cash and cash equivalents	**168,884**	130,409
Trade and other debit balances (excluding prepayments)	**303,996**	298,902
	472,880	429,311

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

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

The table below analyses the Company's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2017	**Less than 1 Year**	**More than 1 year**
	QR'000	**QR'000**
Trade and other payables excluding deferred income	**682,838**	**49,823**
Wakala liabilities	**-**	**945,554**

At 31 March 2016	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables excluding deferred income	805,261	47,733
Wakala liabilities	-	1,022,868

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments

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

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

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

22 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

Operating lease commitments

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

	31 March 2017 QR'000	31 March 2016 QR'000
Within one year	**109,143**	120,648
In more than one year but less than two years	**64,587**	62,826
In more than two years but less than three years	**54,825**	50,099
In more than three years but less than four years	**53,129**	43,462
In more than four years but less than five years	**49,667**	41,937
In more than five years	**319,572**	313,097
	650,923	632,069

Other commitments

	31 March 2017 QR'000	31 March 2016 QR'000
Contracts placed for future capital expenditure not provided for in the financial statements	**43,022**	71,873

Contingent liabilities

	31 March 2017 QR'000	31 March 2016 QR'000
Performance bonds	**51,732**	39,628
Credit guarantees – third party indebtedness	**2,000**	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.

23 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

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

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

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

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

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results. The discount rate used in the most recent value in use calculation for the year ended 31 March 2017 was 9.7% (2016: 9.6%) and the long-term growth rate was 3.0% (2016: 3.5%). The management has considered the renewal costs of license as percentage of the future expected revenues.

Based on the results of the test, the management has concluded that no impairment is required. The results are sensitive to changes in the following assumptions. With all individual inputs constant, an increase in pre-tax discount rate by 1.00 pps or decrease in terminal EBITDA growth by 3.40 pps or decrease in long term growth rate by 1.30 pps or increase in discounted cost of license renewal by 299%, would bring the headroom to zero. Any further decline would suggest an impairment, since recoverable amount would be lower than carrying amount of long term assets net of working capital (excluding cash) of the Company.

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

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

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

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

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

Property, plant and equipment
Property, plant and equipment represent a significant proportion of the asset base of the Company being 18.7% (2016: 17.8%) of the Company's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

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

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

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

23 CRITICAL ACCOUNTING JUDGMENTS 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 obligation exists where the Company has a legal or constructive obligation to remove an infrastructure asset and restore the site. Asset retirement obligation is recorded at the present value of expected costs to settle the obligation using estimated cash flows and is recognised as part of the particular asset. The cash flows are discounted at the rate that reflects the risk specific to the asset retirement obligation.

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

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

24 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2016:

• Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38

• Annual improvements to IFRSs 2012 – 2014 cycle, and

• Disclosure initiative – amendments to IAS 1.

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

New standards and interpretations not yet adopted

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

- *IFRS 9, 'Financial Instruments' (Annual periods on or after 1 January 2018)* addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company does not expect any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities.

24 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

New standards and interpretations not yet adopted (continued)

- *IFRS 15 'Revenue from Contracts with Customers' (Annual periods on or after 1 January 2018):* The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.
  The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

  The Company has completed initial impact assessment of IFRS 15 on its financial statements based on which the Company has concluded that there is no material impact on its revenue recognition. The Company will keep on monitoring if any changes in its initial assessment and identify any material impacts in future 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.

25 SHARIA COMPLIANCE

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

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

26 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 impact on the primary financial statements of the Company reported during the previous year.