BUILDING STRONGER CONNECTIONS, TOGETHER

Vodafone Qatar

Annual Report 2015/16

In the Name of Allah,
Most Gracious, Most Merciful

His Highness Sheikh Tamim bin Hamad Al-Thani
Emir of the State of Qatar

His Highness Sheikh Hamad bin Khalifa Al-Thani
The Father Emir

TABLE OF CONTENTS

BUILDING STRONGER CONNECTIONS, TOGETHER

CHAIRMAN'S STATEMENT

Dear Shareholders,
May the peace and blessings of Allah be upon you.
On behalf of the esteemed members of the Board, it is my pleasure as acting Chairman of the Company to address you with Vodafone Qatar's financial results and business performance for the year ended 31 March 2016.

The past year has been challenging for the Company, with the impact of structural changes in our industry, the increasing use of data at the expense of international voice traffic and sustained price competition, particularly in the prepaid market, severely impacting our revenue performance. Meanwhile, our cost base has increased in line with the growing scale of our business operations, leading to a reduction in earnings. In light of these results, the Company performed a review of its cost base to ensure we sustain our margins in the future. As a result, we took the difficult decision to reduce our workforce by approximately 10% and write off various non-performing assets. Unfortunately, the Company was consequently not in a position to recommend a dividend for our shareholders for this fiscal year.

While the Company successfully grew its base by 7% to surpass 1.5 million customers, revenues decreased by 8% to QR 2,119 million. Reported EBITDA for the year was QR 401 million, improving to QR 451 million on an underlying basis after adjusting for one-off non-recurring items, representing an underlying EBITDA margin of 21%.
Despite the difficult trading conditions, Vodafone Qatar has taken important steps to strengthen its operations and network infrastructure to adapt to the changing market and be better positioned to deliver long term returns.

The Company continues to command around 30% of the mobile market's customers and value, with more than 60% of the population in Qatar using Vodafone's services every day. We remain confident in the potential of the Qatari telecommunications market, having invested QR 396 million during the year to enhance our network infrastructure and expand coverage. The Company has now completed its comprehensive network modernization program which began last year, spending nearly QR 1 billion in total. Today, Vodafone's network is stronger than ever, and was rated "Best in Test" in a technical audit conducted by a third party in April 2016 endorsing our first-rate network performance in Qatar. Similar efforts are underway to deliver a matching superior customer experience.

As an important contributor to Qatar's social and economic development, Vodafone Qatar continued its commitment to sustainable and ethical business standards. The Company hosted and supported a wide range of activities directed at youth empowerment, education, and philanthropic initiatives. Our popular safety program, Amantech, is just one example of Vodafone's efforts to promote the application of mobile technology to benefit Qatari society targeting schoolchildren, university students and even parents.

The Company has also quickly matured as a fully Sharia compliant entity. This was demonstrated by the formal adoption of our commitment to Sharia principles in the Company's Articles of Association, and the appointment of a Sharia Advisor to directly oversee the Company's operations and report directly to the Board of Directors. This is a key example of Vodafone Qatar's larger commitment to the highest standards of governance.

We look to the future with confidence and optimism that the market is showing signs of recovery.
We believe the Company now possesses the necessary quality infrastructure, clear direction and experienced leadership to deliver value for our shareholders.

I take this opportunity to express my sincere gratitude to the Emir, His Highness Sheikh Tamim bin Hamad Al-Thani, and to the Deputy Emir, His Highness Sheikh Abdullah bin Hamad Al-Thani, may Allah protect them, for their ongoing support and backing of Qatar's private and telecommunication sectors.

The Board is thankful for H.E. Sheikh Dr Khalid Bin Thani Al Thani's leadership over the past three years. We understand and support his decision to step down for his other work commitments and wish him well in his future endeavors. I would also like to thank all other members of the Board, the Executive team and Vodafone Qatar's employees and partners for their contributions during the year.

Rashid Fahad Al-Naimi
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,
Vodafone Qatar is potentially a great business and in 2015/16 we have started to change our strategy, building on the heavy investment from 2014 to significantly improve the quality of our network and services we offer to the Qatari market.

During this last year, our customer numbers grew by 7% to QR 1.548 million but our revenue declined by 8% to QR 2.1 billion. This apparent contradiction is explained by a decline in international revenue particularly in mobile prepaid. This was partially offset by the exceptional growth in data and encouraging growth in both consumer postpaid and Enterprise segments.

This structural industry trend has affected Vodafone Qatar more than some other operators due to the high proportion of prepaid revenue, much of it from expat workers who have made high volumes of international calls and who have now shifted to using data apps. In many markets in this region, these apps are restricted as they do, in effect, provide telephony services for unlicensed operators who do not carry the costs of the operators in the country. The regulator in Qatar has so far chosen to allow these companies to run the service with no restrictions.

In this difficult and slowing market, competition was high and prices came down faster and further than was expected resulting in lower revenue and margins. In particular, promotions on data services in the market reduced revenue and accelerated the uptake of data while international direct dial voice income declined. The trend of a shift to data is likely to continue but the focus going forward will be to compete on quality and service.

The higher costs associated with the equipment installed to significantly improve the quality of the Company's service has resulted in a further deterioration this year in the Company's profitability, with an underlying EBITDA of QR 451 million, representing a margin of 21%, a 3pt decline from last year. Despite the challenging conditions, the Company continued to improve its infrastructure and services, investing a total of QR 396 million, representing 19% of revenues.

The higher quality of our network was substantiated by an independent technical audit conducted in April 2016 which showed that the Company was the best performing in Qatar for mobile voice and data combined by achieving 'Best in Test' certification. Furthermore, significant strides were made in developing a more personal and outstanding customer service. We recently launched the MyVodafone smartphone app which allows customers to manage their lines and serves as a platform for innovative yet simple customer self-care. For our enterprise customers, we brought the power of Vodafone's international network to Qatar with the launch of our Global Machine to Machine Platform.

The Company can now compete better on quality and services and there have been early indications of the success of this approach as we continued to grow our postpaid base and gain a higher share of higher spending customers in both the consumer and enterprise segments.

Looking forward, until now, the Company had very little presence in the fixed line market. By building on the experience of the rest of the Vodafone Group and creating opportunities to work with partners including QNBN, the Company intends to accelerate its development in an important part of a fully converged telecom offer, led by the Enterprise unit and demonstrated through our partnership with the state-of-the-art Msheireb development.

To summarize our future strategy, the Company is focused on its mission to deliver innovative products and services and exceptional customer experience by taking an increasingly segmented approach to the market, differentiating itself through its international brand and superior network, delivered by a talented, effective and efficient team. We will also look to augment our traditional revenue streams with adjacent business opportunities and invest in a cost-effective approach to unlocking the country's fixed service potential.

Lastly, on behalf of our organization, I graciously ask for your continued support as we continue to proudly serve the State of Qatar as a reliable and trustworthy brand. Thank you.

Ian Gray
Chief Executive Officer

COMPANY OVERVIEW

Who We Are

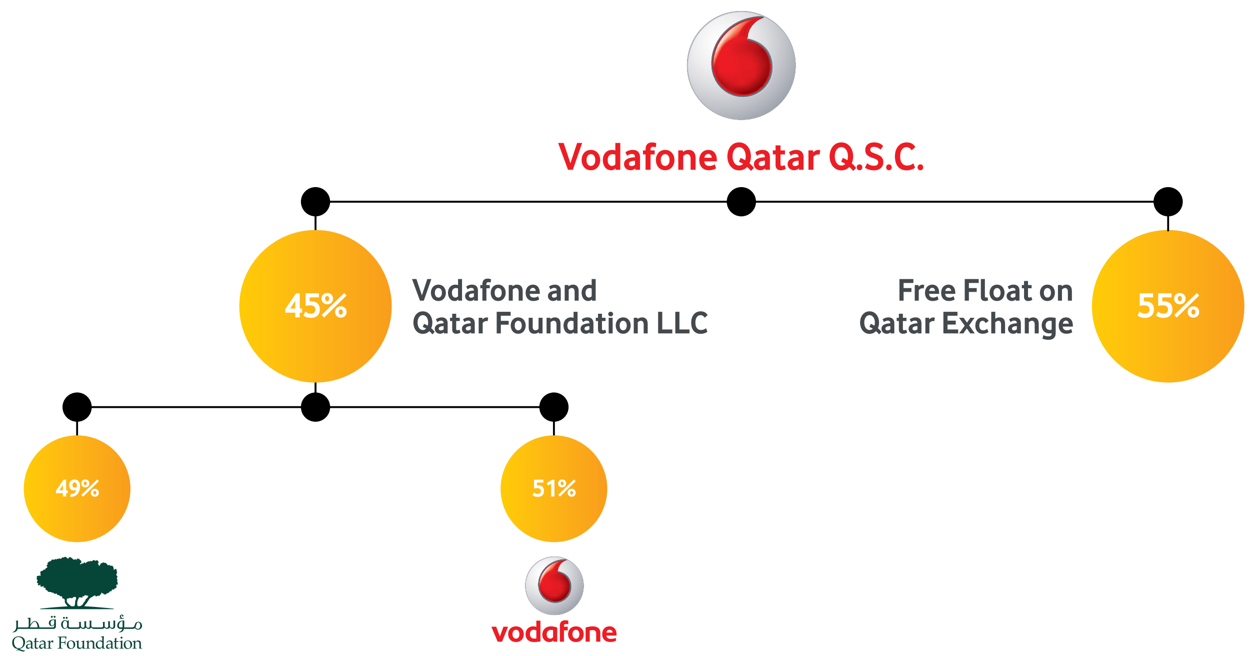
Vodafone Qatar Q.S.C. (Vodafone Qatar), part of one of the world's largest telecommunications operations, the Vodafone Group, is the holder of the Second Public Mobile and Fixed Telecommunications Networks and Services License in the State of Qatar. Vodafone Qatar switched on its mobile network on 1 March 2009 and shortly after started delivering great value to its customers with a range of exciting products and services.

Having built a world class converged IP network, Vodafone launched fibre-based consumer and enterprise fixed-line services commercially in October 2012. Vodafone is committed to providing world class telecommunications infrastructure to support Qatar National Vision 2030.

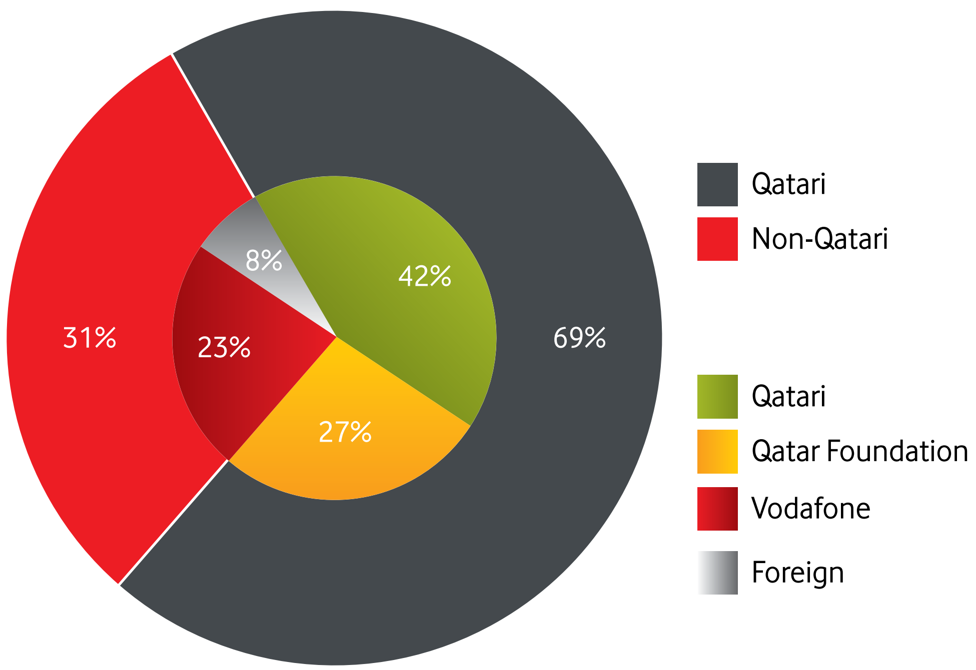
Effective January 2015, Vodafone Qatar became fully compliant with Islamic Sharia practices throughout its business, including commercial and financial operations.

With over 35,000 individual and institutional shareholders, Vodafone Qatar is nearly 70% Qatari-owned including a total shareholding by Qatar Foundation of 27.05%. Vodafone Group owns the majority of the non-Qatari shareholdings at 22.95%, whilst the remaining shares are owned by foreign individual and institutional shareholders. Vodafone Qatar has a paid up capital of QR 8,454m.

Ownership structure



Shareholdings



Ownership as of 31 March 2016

Board Of Directors

Rashid Fahad Al-Naimi

CHAIRMAN

Non-Executive (Vodafone & Qatar Foundation LLC)
Appointed 19/6/2013

Mr Rashid Fahad Al-Naimi was appointed acting Chairman on 16 May 2016. He has held the position of Chief Executive Officer of QF investments since September 2013. Mr Al-Naimi was previously Vice President of Administration, with the overall responsibility for managing all the administrative and operational functions of Qatar Foundation, its staff and its partner organizations. He was responsible for developing the ongoing strategy and implementation of all QF's initiatives, working closely with the management team and the Board of Directors to ensure that QF continues to build capacity for Qatar in the key areas of Education, Science and Research, and Community Development. Prior to joining Qatar Foundation, Mr Al-Naimi was the Manager of Human Resources for the Qatar energy company RasGas Company Limited. Mr Al-Naimi is also the residing Chairman for Mazaya Qatar and MEEZA. He is also a Board Member representing Qatar Foundation across a number of companies including Vodafone Qatar. Mr Al-Naimi has a Bachelor of Science in Economics from Indiana State University, USA and continues to drive for personal and professional excellence.

His Excellency Sheikh Faisal Bin Thani Bin Faisal Al-Thani

VICE CHAIRMAN

Non-Executive (Vodafone & Qatar Foundation LLC)
Appointed 19/6/2013

An inspiring businessman, in addition to his role as Vice Chairman of Vodafone Qatar, Sheikh Faisal also plays a key leadership role in Qatar Foundation Endowment where he is the Chief Investment Officer. Additionally, Sheikh Faisal works closely with Al Ahli Bank, Bharti Airtel and Qatar Banking Studies and Business Administration School as Board Director. Previously, Sheikh Faisal has led the strategic planning and management of the reserve fund at Qatar Central Bank.

Abdullah Mohammed Mubarak Al Khulaifi

MEMBER

Independent and Non-Executive
Appointed 19/6/2013

Sheikh Mohammed Bin Abdullah Mohammed Ali Al Thani

MEMBER

Independent and Non-Executive
Appointed 19/6/2013

H.E. Sheikh Mohammed Al Thani is one of the young leaders in Sharjah, and a businessman, with positive footprints in many business fields especially travel and tourism. He has been an Air Arabia Board Member since March 2011. He assumed the role of Director of His Highness Sharjah Ruler's Office in the American University of Sharjah. In 2011, he was appointed as Director General of Sharjah Statistics Center, and assumed the role Chairmanship of the center in 2014. Besides that, he also serves as Chairman of Gamma Aviation, AM Holding Company, Al Nawras Catering Company, Santos International Company, Ascent Advertising Company and Universal Tourism Company.

Serpil Timuray

MEMBER

Non-Executive (Vodafone & Qatar Foundation LLC)
Appointed 1/6/2014

Serpil Timuray, Chief Executive Officer, Africa, Middle East and Asia Pacific Region, joined Vodafone Group Executive Committee on 1 January 2014. She was appointed as a non-executive director on the Board of Vodacom Group in South Africa in September 2012, the Boards of Vodafone India, Vodafone Hutchison Australia, Safaricom Kenya in November 2013 and Board of Vodafone Qatar in June 2014. Serpil joined Vodafone as Chief Executive of Vodafone Turkey in January 2009. She was previously General Manager of Danone Turkey from 2002-2008. She began her career in 1991 in marketing at Procter & Gamble where she was later appointed to the Executive Committee of Procter & Gamble Turkey. Serpil was appointed as an independent director to the Board of Danone Group in April 2015.

Ian Gray

MEMBER

Executive (Vodafone & Qatar Foundation LLC)
Appointed 1/12/2015

See Executive Management.

Steve Walters

MEMBER

Executive (Vodafone & Qatar Foundation LLC)
Appointed 19/6/2013

See Executive Management.

John Otty

MEMBER

Non-Executive (Vodafone & Qatar Foundation LLC)
Appointed 28/1/2015

John is the Vodafone CFO for Africa, Middle East and Asia Pacific region. He joined Vodafone in December 1992 and has held a number of senior executive positions in Vodafone including that of group technology financial director, interim CFO of Vodafone India and Vodafone plc group internal audit director. He was appointed to the Vodacom Group Board in September 2012.

Executive Management

Ian Gray

CHIEF EXECUTIVE OFFICER

Ian Gray joined Vodafone Qatar as CEO in December 2015. He is also currently Chairman of Vodafone Egypt having already served on the board for over 14 years including time as CEO of the company. Between 2007-2010 he was a Regional Director for Vodafone Group focusing on Central and Eastern Europe.

Prior to Vodafone, he was CEO of the FTSE listed companies Brown and Jackson PLC and later General Cable PLC. Prior to this, he held Divisional CEO roles in the Thorn EMI Group.

Steve Walters

CHIEF FINANCIAL OFFICER

Steve joined Vodafone Qatar as CFO in October 2011 from Vodafone India where he held the role of Interim Head of Finance from April 2011. Steve joined Vodafone India in 2008 as Head of Financial Planning. Since joining Vodafone in 2000, Steve has held various senior financial roles across Vodafone.

Mahmud Awad

CHIEF BUSINESS OFFICER

Mahmud Awad joined Vodafone Qatar in 2014, with proven experience in creating new revenue streams, introducing industry specific solutions and establishing an end-to-end solution sales. Mahmud has held executive roles with du, Ooredoo, Nokia Siemens Networks and Siemens. Mahmud holds a Master's degree in Electrical Engineering from RWTH University of Aachen.

Ramy Boctor

CHIEF TECHNOLOGY OFFICER

Ramy joined Vodafone Qatar in 2014. With over 15 years of experience in telecoms, he previously served as Chief Technology Officer at Mobilink. Ramy is playing a critical role at Vodafone Qatar in ensuring that Vodafone's state of the art infrastructure supports Qatar's knowledge based economy. Ramy holds a Bachelors of Science in Telecommunication Engineering from Cairo University and a Masters of Business Administration from Warwick Business School in the UK.

Mohammed Al Sadah

CHIEF OPERATING OFFICER

Mohamed Al-Sadah joined the Executive Management Team in August 2012, bringing with him years of demonstrated success in delivering administrative and human resource management programmes and services with local and international organisations. Prior to joining Vodafone Qatar, Mohamed held the position of Human Resource Director for Qatar Investment Authority and Head of Human Resources at Dolphin Energy.

Rasha Al Azhary

ACTING COMMERCIAL BUSINESS UNIT DIRECTOR

Rasha has served as the Acting Commercial Business Unit Director since January 2015. Prior to her current role, Rasha held the position of Head of Commercial Planning & Pricing in Vodafone Qatar ensuring Vodafone's value leadership in the market. Rasha started her career in investment banking and in 2013, joined Vodafone Egypt's finance department.

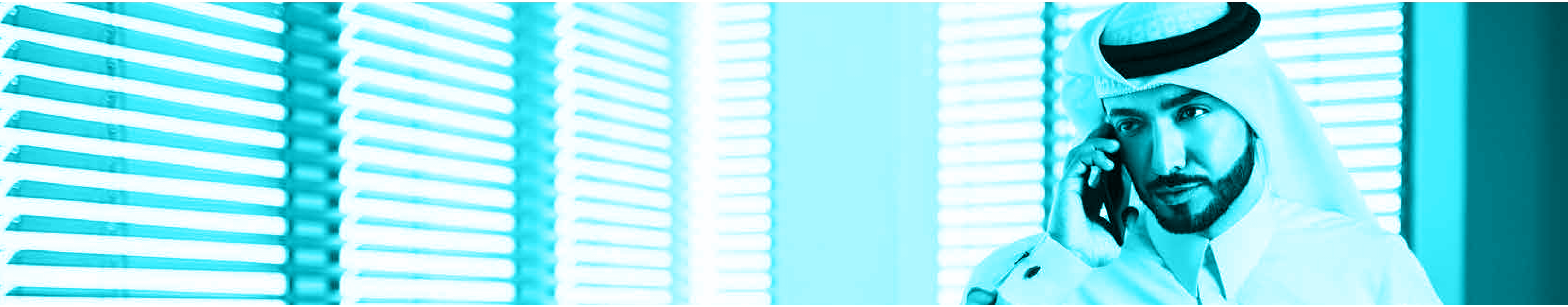
BUILDING STRONGER CONNECTIONS, TOGETHER

OPERATIONAL REVIEW

Delivering Value To Our Customers

We launched London Edition, the world's first luxury telecoms plan. London Edition is an invitation only plan with both Qatar and UK numbers that is easily managed through a single Qatar account. Vodafone's presence and strength in both Qatar and the UK enabled this global first innovation. The launch event was held at the world famous Harrods' store in London. All London Edition customers receive a dedicated account manager, Harrods concierge membership and the ability to seamlessly use their Qatar or UK SIM locally and while travelling. Vodafone Red, our signature Postpaid suite, offered

In the Prepaid segment, we now offer some of the best international and local rates in the region, and remain fully committed to offer our 1.2 million prepaid customers the best value available in Qatar. This year we launched new first-to-market campaigns giving customers the chance to win great prizes. This started with a scratch and win promotion in conjunction with Pepsi and has continued with our new Happy recharge benefits on our QR25 top-up and the QR100 internet top-up. Gold coins and cash prizes of up to QR250,000 have changed the lives of many happy customers this year.



The cornerstone of 2015/16 for Vodafone Qatar has been the expansion and complete modernization of our network. We now have a superfast network that covers all popular desert locations with 4G coverage. We are so confident that customers will love our new network that we are the first in Qatar and the region to offer a money back promise.

Customers have felt the difference using our all-new network, doubling their internet usage during the year. This rise in usage has established data services as Vodafone Qatar's fastest growing revenue stream.

To help customers better understand their internet usage, this year we launched our data welcome bonus, another market first for postpaid customers. This gives customers two months of unlimited internet with a new postpaid plan. In this time we inform customers about their internet usage pattern and recommend any plan changes to ensure they can continue to use data as they like without unexpected charges.

customers fantastic promotions this year including a 10x data benefit over the summer and the continued great value of valet parking options that are provided across Qatar. As a result, our Red customer base doubled during the year. This base expansion, combined with the surge in internet use has driven healthy postpaid revenue growth.

Vodafone Falla, a package customized for customers under 24 years old, also continues to evolve within the dynamic youth market. Falla was associated with youth events including Ajyal Youth Film Festival, Youth Change Everything leadership conference, Wild Khaleeji regional parkour tournament and Run the World Festival. These exciting events drew some extraordinary local talent from Qatar.
Additionally, we have continued to offer great value Super Saver postpaid plans at accessible price points for all customers in Qatar. The addition of Super Saver India this year has delivered another burst of growth to this portfolio.

Closer to Our Customers

Leading in retail means we need to be geographically closer to our customers, that's why we now operate 25 Vodafone retail stores across Qatar. This year we have opened three new stores (Azizia, Messaied and Barwa) with a new and innovative concept, helping to deliver a differentiated customer experience. Each new store now has a simple design that allows running different promotions and hosting a "top 10" table with live devices, and on-site "Tech Expert" support to assist customers, including transferring data to their new phones.

With the deployment of self-service machines, our stores have been able to enhance their level of customer satisfaction and also increase the store productivity. Machines allow the users to pay their bills via both cash and cards and also to buy recharge cards instead of waiting in line. Furthermore, Vodafone Qatar migrated to electronic capture of customer information, saving a lot of time for our customers.

On the tech side, we experienced the most advanced iPhones ever, the iPhone 6s and iPhone 6s Plus. They were launched at an exciting midnight event held in our Villaggio store. The launch event was successful and packed with entertainment, giveaways, and offers. Customers were able to obtain their phones on the night through pre-order and were celebrating until the early hours of the morning.

Our Retail team was honored for being one of the best across all Vodafone operating companies. This recognition is a true reflection of the customer being at the heart of everything we do, going that extra mile for them.

- Linking actual behaviour to customer segments to develop meaningful propositions
- Multi-layered behaviour analysis allowing optimization of capital and marketing spend
- Predicting spend potential enabling customer experience prioritization

Using a centralized platform with a 360° view of the customer, enables Vodafone Qatar to isolate and target each segment with a higher and relevant focus, while ensuring customer anonymity and data protection.

Strengthening Our Brand

2015 marked the start of a new era for Vodafone Qatar. Having successfully completed a full network upgrade, the Company is now positioned as a superfast and reliable network with the wide 4G+ coverage. While this fact alone improved our brand consideration, especially in terms of 'empowering people to connect', the message was amplified further during the year through brand communications dedicated to promoting the strength and speed of our new network.

We had a large campaign in May with the 'Faster is the New Fast' campaign which built positive competitive differentiation. This was followed by the integrated Ramadan campaign in June and July. With reduced working hours and thus more time available during Ramadan, the campaign encouraged our customers to discover something new – from learning a new language, to trying a new recipe – as empowered by Vodafone's super-fast connection speeds. This campaign was coupled with two successful offers – a generous RED data offer targeting Qataris, as well as an enticing Prepaid offer. Our network upgrade to improve desert coverage was completed in October, coinciding with the start of the Qatar camping season. We took this opportunity to launch an integrated, desert focused campaign titled "Making Stronger Connections". The campaign revolved around encouraging people to use their phones in a better way – a way that creates stronger human connections, through a better network connection.

Our single minded focus on the network during the year has paid off in the form of improved brand and network perception. We will continue to build more reliability and trust, reinforcing the brand claim of 'Making Stronger Connections'.

Understanding Our Customers Better

Delivering an unmatched customer experience and increased share of wallet has been strategically imperative for operating in a rapidly changing environment. Increasingly, marketing spend effectiveness is the new mantra amongst all telecom operators.

Vodafone Qatar has launched Compass, an integrated and innovative mobile platform leveraging Big Data analytics to drive powerful customer understanding, changing the way we do business. A pioneer among Vodafone Group companies, the Compass platform will achieve the following main objectives:

Customer Experience – We Care

Customer experience has become a critical differentiator in today's competitive global marketplace. There's tangible business value in managing the customer experience effectively. Businesses that have a keen interest in their customer journey and seek to engage with their customers can increase loyalty, retention, advocacy and purchasing resulting in faster growth.
To that end, Vodafone Qatar launched its local edition of the Vodafone Global Customer Experience program – We CARE. The program revolves around four commitments Vodafone makes to deliver on our customer promises:

- Connectivity - "Network satisfaction guaranteed"
- Always in control - "Cost control with no surprises"
- Reward loyalty - "Extra rewards & service"
- Easy access - "Always available, ask only once"

We enhanced our touch point management tools and processes to systematically reduce customer detraction and effort in dealing with Vodafone Qatar. We also introduced smart and relevant offers across all of Vodafone's touch points to increase customer awareness with every interaction. This was highlighted by our recent launch of My Vodafone smartphone app, a virtual assistant tool with chat capabilities.

The results have been positive, with Net Promoter Score measures showing continuous improvement relative to competition across all channels. Additionally, Vodafone Qatar is the top performer among all Vodafone Group companies on key retail indicators. We will continue to build on these achievements in the coming year, using the new investments and technology platforms and deployed processes to further enhance the basics aspects of traditional customer care whilst transitioning our customers to new digital tools to make their lives easier.

Connecting Our Customers

The Network Modernization program was Vodafone Qatar's crowning achievement for the year. Since the beginning of the program last year, we invested almost QR 1 billion in our technology infrastructure to swap and upgrade our mobile sites, mobilizing a team of hundreds of engineers and technicians working round the clock to provide world class telecommunications in support of Qatar National Vision 2030. Vodafone Qatar now owns a superfast data network with the widest 4G+ coverage, with increased 3G and 4G capacity that has produced a significantly better customer experience in both voice and data services, including the newly launched HD Voice service which offers significantly clearer voice quality. In the past 12 months, more than 270 new 4G sites have been installed and customers are now enjoying 3x more data capacity, 50% more 4G coverage and 10% more 3G coverage. A special focus has been on increasing the capacity in the most populated areas in Qatar, including al-Wakra, al-Wukair, and Shahaniya. Moreover, and in time for the desert camping season, 68 sites

were activated in the most popular camping areas including Sealine, Fuwairat and al-Khor.

Vodafone is the first telecom operator in Qatar and one of the first in the world to have a top speed of up to 375 Mbps live on its network. This ultra-speed is achieved by aggregating 50MHz of spectrum across 3 bands. In practice, this means that when we launched 4G+, our network provided more than double the speeds our customers had earlier from Vodafone 4G. Today with 3-band LTE, our network provides more than four times the original 4G speeds. The 3-Carrier-Aggregation roll is another hallmark in the company's steadfast commitment to provide its customers with state-of-the-art infrastructure that takes their data and calling experience to an entirely new level.

Expanding Enterprise

Our Enterprise footprint continued to expand during the year including the roll out of new products, and looks to take an increasing share of the Company's growing portfolio. One of the primary areas of focus during the year was to deliver enhanced quality of sales to our SME and SOHO segment while expanding the Red customer base throughout the segment. Additionally, we introduced many enhanced Enterprise products, including:

- Enterprise USSD services targeting the financial sector
- Upgrading our Bulk SMS to comprehensive solution targeting financial and government sectors
- Exclusive Leader Plans offered to high end business customers
- DDOS Mitigation (a security product for Corporate Internet)
- Data Center colocation services in collaboration with our partner Meeza
- Expansion of Dedicated APN services

Machine to Machine (M2M) service is one of the fastest growing sectors in the region, and Vodafone Qatar has recently launched Global M2M capabilities into the local market in line with our strategy to enrich the bundles of solutions and services we offer to Enterprise customers. The service will include M2M Fleet Management and M2M Asset Tracking. Going forward, Vodafone Qatar will continue to expand its mobile and fixed offerings targeting large enterprise, SME & SOHO, in addition to serving as a light service integrator for enterprises in Qatar.

Our People

Our employer brand has been driven continuously throughout the year. The campaign was focused around incorporating the slogan 'We're at our best when you're at yours' across the business whilst emphasizing the following eight proof points which allow our employees to be at their best:

- Industry leading company that empowers people to shape their world
- Mobile for good
- World of opportunities
- Exceptional work, exceptional people
- Deliver great results
- Live the Vodafone Way
- Drive to keep growing
- Always doing what's right

The most successful initiative of the employer brand campaign has been identifying those individuals across the organization that Vodafone really has helped to be at their best. These employees are continually being identified every quarter through the Vodafone heroes' scheme and these stories are then posted onto our Facebook and LinkedIn pages to show our future employees, as well as our customers, how we are an employer of choice.

One of the main objectives for the past year was to ensure we provide a safe working environment for our employees. We achieved this by embedding and promoting Vodafone Health & Safety Absolute Rules. We can confidently say that Absolute Rules have become an integrated part of our company culture and we have managed to raise awareness on how important it is to abide to these. These rules apply to all Vodafone employees and contractors.

Our network modernization project was successfully delivered in two phases with no injuries and no delays incidents due to incidents. In cooperation and full compliance with our new network partner, we managed to swap all our sites inside Doha and in the desert area. During this transition we ensured that all high risk supplier cars were fitted with on-board diagnostic devices to check the drivers' compliance to the Health & Safety Absolute Rules. We are proud to say that 1900 H&S training days were completed, 160 safety gear kits have been provided and 1500 site visits were accomplished in order to check the teams compliance and ensure that we are following our Absolute Rules at all times.

Our main strategic Learning & Development objective for the past year was to focus on developing, retaining and attracting our Qatari male and female colleagues across various business functions. We have developed a special Qatarization program, using a segmented approach to ensure we are providing all our Qatari colleagues with the right tools for development opportunities and career progression, thus supporting the national vision of Qatar. The segmented approach targeted 3 groups:

- Staff level
  This unique accreditation is designed to help participants boost their performance within their respective team as individuals and also help them make the transition from working in a team to leading a team. This program was delivered to 17 employees, of whom 54% were Qatari nationals and 70% of attendees were successfully accredited by the end of the training.

- Women empowerment
  The Springboard Women's Development Program is an international award winning program designed by women, for women. It enables women to identify the clear, practical and realistic steps that they want to take to make a better world for themselves at work, whilst building the practical skills and confidence to take these steps. This programs was successfully delivered last year to our Qatari female colleagues and given its success, a second phase will be rolled out this year.

- Senior and managerial
  A special program was delivered with the aim of supporting our Qatari leaders in their career progression. It had two major components:

- Leadership skills
  (Institute of Leadership and Management Level 3)

- Business skills
  (Project management, financial skills and strategic thinking) 70% of the participants completed the trainings successfully and were accredited.

As part of International Women's Week, we announced that Vodafone would become one of the first organizations in the world to introduce a mandatory minimum global maternity policy. By the end of 2015, women working at all levels in Vodafone's 30 operating companies across the world were offered at least 16 weeks fully paid maternity leave, as well as pay for a 30 hour week for the first six months after their return to work.

The announcement of the new maternity policy was important for Vodafone Qatar as building a diverse and inclusive culture is one of the company's key priorities as we have a specific focus on gender diversity. More than 25% of our employee-base is female and we therefore want to retain and grow this number so are determined to instill a culture within our company which supports, develops and rewards our female employees with the same and equal benefits that their male counterparts receive.

The Customer Excellence Experience program was launched in April 2015, to help ensure that we deliver the best-in-class experience to our customers. We created a unique, localized, bilingual *We Care* logo for the Customer Excellence Experience program and embedded it in our office branding, presentations and all relevant internal communications channels. In order to enhance our frontline capabilities we divided them into two segments:

Enterprise: Global Certification is a way of assessing our Sales Professionals' capability levels in Solution Selling and more importantly, our Sales Professionals are assessed against a global set of criteria to ensure their solution selling is in accordance with the Vodafone sales method. 26 of our Enterprise team participated of whom 24 (Account Managers) acquired the Global Certification.

Consumer: A comprehensive development program was delivered to our store leaders focusing on topics such as customer experience, business acumen and leadership skills. The target audience included both Vodafone employees and our colleagues in franchise, with participation of 35 Store Managers and Assistant Managers.

FINANCIAL REVIEW

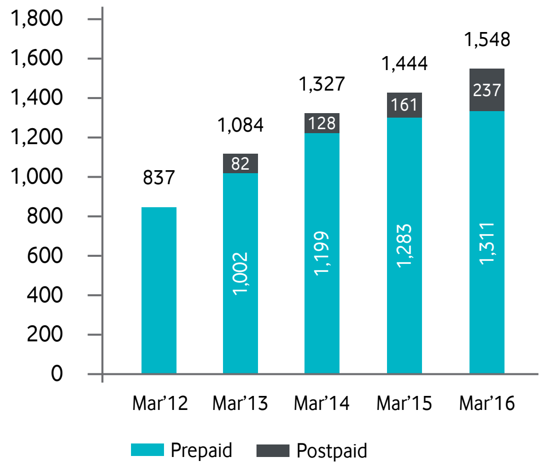
	Mar'12	Mar'13	Mar'14	Mar'15	Mar'16	YoY Growth
	QRm	QRm	QRm	QRm	QRm	%
Total Revenue	1,222	1,527	1,982	2,307	2,119	(8%)
EBITDA	144	284	496	566	401	(29%)
Net Loss	(486)	(401)	(246)	(216)	(466)	(116%)
Distributable Profit	(82)	2	157	187	(62)	(133%)
Capital Expenditure	399	395	344	579	396	(32%)
Free Cash Flow	(293)	(61)	144	96	(134)	(241%)
Net Financing Position	937	998	854	758	892	18%

Key Performance Indiacators (KPIs)

Qatar's Population (000)	1,774	1,921	2,144	2,347	2,527	8%
Qatar's Mobile Penetration	166%	176%	183%	187%	184%	(3pp)
Total Mobile Customers (000)	837	1,084	1,327	1,444	1,548	7%
ARPU (QR)	112	121	126	122	107	(13%)
Mobile Customer Market Share	28.5%	31.8%	33.8%	33.0%	33.2%	0.2pp
Mobile Revenue Market Share* (Q4)	24.5%	30.4%	33.4%	30.5%	27.8%	(2.7pp)

*Revenue market share is based on Vodafone Qatar's total mobile revenu versus the competitor's reported postpay, prepay and other mobile revenue.

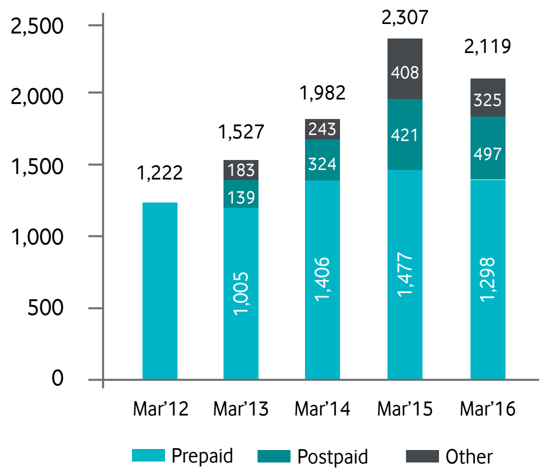
Customers (000)



Qatar's population grew by 8% to reach 2.5 million, although total market penetration decreased by 3pp to 184%.

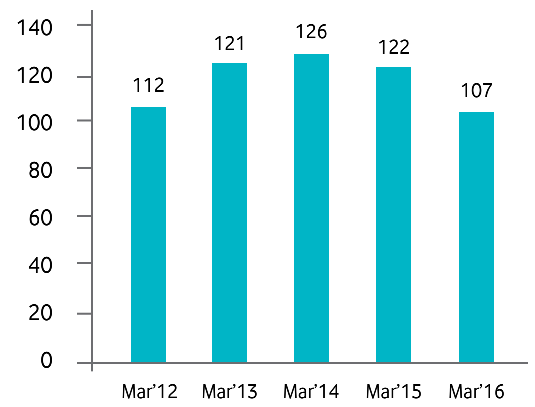
In line with the market growth, Vodafone Qatar's customer base increased by 7% to surpass 1.5 million, adding 104k customers in the past twelve months. Once again, healthy growth was delivered in the Postpaid Consumer and Enterprise segments, which collectively grew by 47% and now account for more than 15% of total Vodafone customers. Our RED portfolio continued to grow in popularity.

Revenues (QR m)



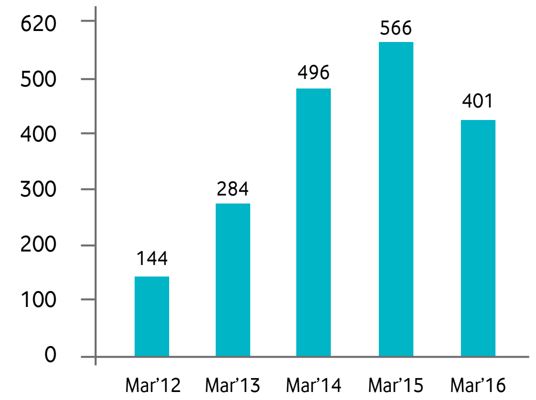
Despite healthy customer growth, revenues declined by 8% for the year to QR 2,119 million. Postpaid revenues showed impressive growth of 18% driven by the increasing demand for data in the Consumer and Enterprise segments, but this was offset by lower Prepaid revenue from declines in ARPU. Other revenues were lower for the year on account of exceptional handset sales last year.

ARPU (QR)



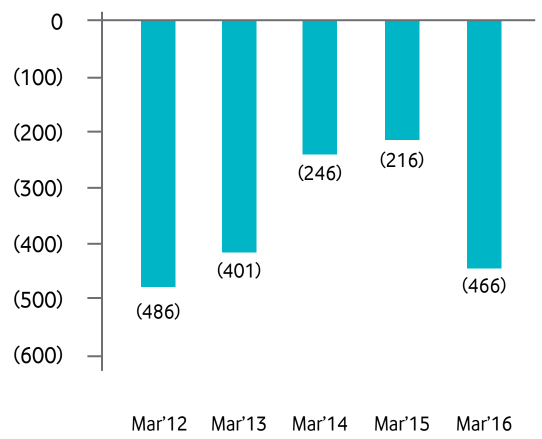
Average Revenue Per User (ARPU) declined by 13% year over year due to the sustained price competition in the market, particularly in the Prepaid segment. The past year witnessed many permanent price moves and promotional offers on local and international call rates, as well as value-rich offers on data services.

EBITDA (QR m)



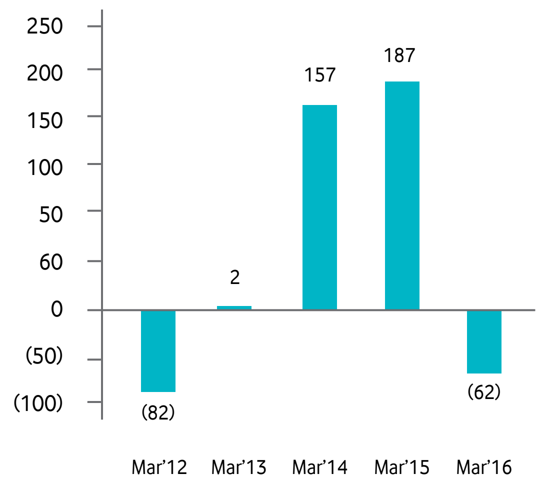
EBITDA decreased by 29%, a result of lower revenues and the growing cost base from the increasing scale of business operations. It was further impacted by one-off costs taken at the end of the year. Excluding these, underlying EBITDA was QR 451 million, representing an EBITDA margin of 21%.

Net Loss (QR m)



Net Loss increased in the year. A direct result of lower EBITDA, increased depreciation costs from significant network investment and the exceptional write-off of redundant assets. Net Loss includes the amortization of the mobile license amounting to QR 403 million annually.

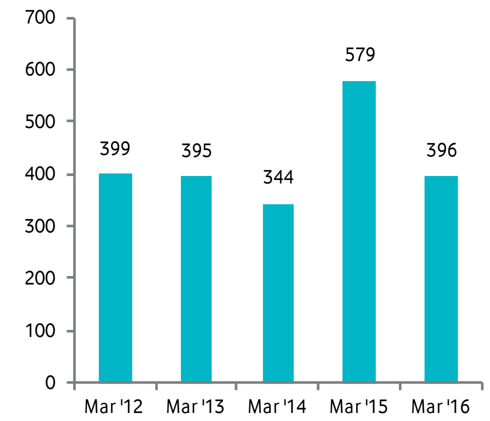
Distributable Profit (QR m)



Distributable profit is defined in Vodafone Qatar's Articles of Association (Article 69) as Net Profit or Loss for the financial year plus amortization of the license for that financial year. The Company did not achieve positive Distributable Profits in this financial year

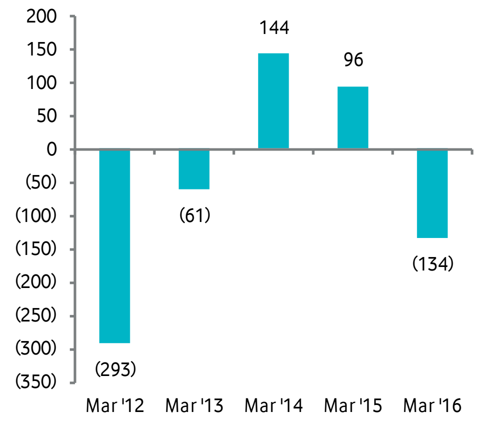
As a result, the Company was not in a position to recommend a dividend for the financial year.

Capital Expenditure (QRm)



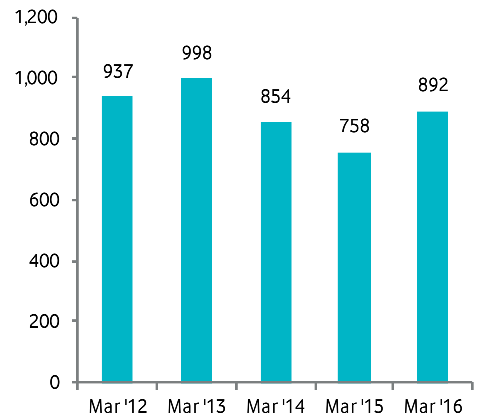
CAPEX levels continued at historic levels despite the revenue decline. Vodafone Qatar completed Phase II of its network modernization program, in addition to continued site rollout and enhancement of the network's capacity and coverage. In total, the Company invested QR 396 million, representing 19% of annual revenues.

Free Cash Flow (QRm)



Free Cash Flow for the year amounted to an outflow of QR 134 million, including the payment of Vodafone's second dividend of QR 0.21 per share (QR 178 million). The year-on-year reduction reflects the decline in EBITDA delivered by the Company's operations.

Net Financing Position (QRm)



Net Financing Position is defined as Total Financing less Cash. As at 31 March 2016, Vodafone Qatar had QR 1,022 million drawn down on its Wakala Investment facility, and QR 130 million in cash, leaving the Company's Net Financing Position at QR 892 million.

BUILDING STRONGER CONNECTIONS, TOGETHER

CORPORATE SOCIAL RESPONSIBILITY

Social Investment

At Vodafone Qatar, we believe that the true value of a business lies in how it creates value for society, and we strive to make use of our expertise, resources, products and technologies to help society confront challenges and drive progress.

We incorporate our core competencies into our community engagement, hoping to deepen personal links with our community, enhance the quality of life in our surroundings and open up more opportunities to create a better future for people in Qatar. We also encourage our employees to engage in various activities and spread the value of sharing to exert positive influences on the entire society.

We have identified three main avenues by which we aim to achieve our goals in making a positive impact in Qatar; our community investment programs, partnerships and collaborations, and our donations and sponsorships. Over the recent years, our community investment agenda has been primarily focused on actions to support Qatari youth and provide assistance to organizations active in education, technology and youth empowerment. These issues were identified as critical to our community and our business as a result of our latest stakeholder exercise.

Youth Empowerment

Today it is globally realized that youth empowerment is integral for national development. To Vodafone, youth represent the future, symbolizing innovation, dreams and new opportunities. We focus on empowering youth in the country and guiding them to their path of success so they can become successful, contributing members of their communities.

In 2015/16, we participated in The National Initiative for Training and Qualifying Qatari Youth - *Employ Me*; an initiative organized by Ministry of Labor and Social Affairs in cooperation with a number of governmental and private agencies, aiming at qualifying youth to improve their skills through special training programs in computing, English language, and other practical skills.

We have also partnered with Bedaya Center, a joint initiative between Qatar Development Bank and Silatech, which provides Qatari youth access to a wide range of services including career guidance, self-assessment, employability skills development, employability and entrepreneurship, mentoring opportunities, volunteering, practical training, networking activities, and lecture programs. We have funded training and support for Qatari students by providing them the right working experience and ensure career development.

In line with our commitment to support emerging local talent and nurture young creative voices, we joined hands with the Doha Film Institute as a Signature Sponsor and Official Telecoms Partner for the third edition of the Ajyal Youth Film Festival. In addition to extending financial support, we have assisted with community outreach and marketing initiatives to raise further awareness of the annual event through SMS offers, in-store promotional activities, exclusive access to Festival information for Vodafone customers and screenings of the 2015 Ajyal trailer at Villaggio and City Center malls. Ajyal helps unlock young people's creative potential and supports the development of creativity based on knowledge and learning.

The highly successful Giving Challenge was an excellent example of harnessing the power of social media and youth for doing good. We gathered 14 social media influencers under 30 in Qatar as we wanted to know what inspired and influenced them so that we could better understand how to engage with their demographic. The campaign ran throughout Ramadan, where 4 young social media influencers used their social media reach and impact in the community to vote for their charities of choice, where Vodafone donated QR20 for every vote. The campaign went viral reaching an audience exceeding the country's population in the process.

Education

Education is an important conduit for helping people explore the unknown and gain access to opportunities. The combination of technology and education can accelerate the exchange of views and information, bringing the world to each of us. At Vodafone, we focus our contribution in creating a significant socio-economic impact through our efforts to support job creation, Qatarization, education, and community development.

For the second year running, we hosted 22 students and academics of Ibn Taymiyah Secondary School for Boys for a tour of the company's premises located at the Qatar Science & Technology Park and discussed with Vodafone's senior management the expanding world of digital communications and how Vodafone is contributing every day to the development of communications technology and the customer experience in the country. Such initiatives aim to equip students with skills such as critical thinking, problem solving, creativity, and digital literacy as they map their future.

Our partnerships with universities have grown during the year. We joined the Northwestern University in Qatar (NU-Q) classroom study that explored the potential for mobile education tools in Qatar. Eight NU-Q students were researching the market for mobile tools in higher education, as well as how those tools are used in the learning process.

We also joined the jury panel of Qatar University and the College of Business & Economics' System Analysis & Design Course Group Project Assignment to evaluate the work presented of students who have been working on analyzing and designing a digital system to enhance knowledge sharing across the College of Business & Economics based on the concept of an academic social media platform. Moreover, we collaborated with Qatar University to organize a competition to encourage students showing creative projects. The competition led by the Department of Management and Marketing Community Outreach Committee (COC) was themed "Compete, Show your Skills & Get Rewarded". It aimed to motivate and encourage students to deliver their course projects in a creative and challenging way.

The ability to make use of information technology can have a far-reaching impact on a society's development. Our approach for promoting a digital society is based on digital inclusion, which focuses on widening access, enhancing skills, protecting customers and creating opportunities for individuals and the community at large while developing new products and services bettering people's lives in Qatar. Aimed at promoting digital literacy amongst parents and improving children's digital safety, we have continued AmanTECH, our aid program for online child safety and digital parenting. AmanTECH stands for "Safe Technology".

Philanthropic Donations

As part of one of the largest telecommunication company in the world, we understand that our social responsibility should not be limited to the community we operate in but also we should go beyond borders and help other underprivileged communities.

Reach Out To Asia (ROTA) in collaboration with Vodafone Qatar organized a humanitarian trip with 24 volunteered students from Hamad bin Khalifa University to a school ROTA helped to build after the 2006 earthquake which hit Indonesia. The trip aimed to educate the volunteers about the importance of volunteer work and raise awareness about the importance of education and its vital role in developing the country. It also developed the students' social skills and understanding of other's culture and heritage. ROTA and Vodafone Qatar similarly continued the Humanitarian Support in Cambodia program, where 26 ROTA volunteers, students and teachers from Qatar-based independent schools for girls, travelled to conduct vital educational training for local schools.

Vodafone sponsored The Qatar Cyclists and Qatar Sandstormers to ride 800 km through four European countries to raise awareness for Cyclists for Education initiative that was signed between Qatar Charity, Qatar Cyclists and the Qatar Sandstormers. The initiative aimed to raise QAR 5 million towards rebuilding a girls' school in Gaza for over 900 students.

CORPORATE GOVERNANCE

The Board is responsible for the overall business strategy of Vodafone Qatar and for ensuring that a high standard of governance is adhered to throughout the business.

Board organization and structure

Role of the Board of Directors

The Board is responsible for the overall business strategy of Vodafone Qatar and for ensuring that a high standard of governance is adhered to throughout the business. The Board:

(a) has ultimate responsibility for the management, direction and performance of Vodafone Qatar;

(b) is required to exercise sound and objective judgement on all corporate matters independent from executive management;

(c) is accountable to shareholders for the proper conduct of the business; and

(d) is responsible for ensuring the effectiveness of and reporting on our system of corporate governance.

Vodafone Qatar's Board Charter which explains the Board's responsibilities in more detail is available online (www.vodafone.qa)

Board Meetings

Article 34.1 of Vodafone Qatar's Articles of Association states the Board of Directors will meet at least four times per year to align with quarterly reporting requirements. Article 11.1 of the "Corporate Governance Code for Companies Listed in Markets Regulated by the Qatar Financial Markets Authority" issued by the Qatar Financial Markets Authority in 2014 ("QFMA Corporate Governance Code") prescribes that Board meetings should be held at least six times per year. Vodafone Qatar holds additional Board meetings throughout the year as and when required and held a total of seven meetings during the last financial year.

Board meetings are structured to allow open discussion and facilitate the participation by all directors in discussions relating to strategy, trading and financial performance and risk management. All substantive agenda items have comprehensive supporting briefing material which is circulated to all directors in advance of each meeting.

Directors who are unable to attend a particular Board meeting due to other commitments are provided with all the information relevant for such meetings and are able to discuss issues arising in the meeting with the Chairman and/or the Chief Executive Officer and may elect to appoint a proxy for voting purposes.

Board Composition

Article 9 of the QFMA Corporate Governance Code suggests that a company's Board should include executive, non-executive and independent Board members and that the Board should not be dominated by one individual or a small group of individuals. The Code recommends that at least one-third of Board members should be independent and that the majority of all Board members should be non-executive.

The following table shows the composition of the current board of directors of Vodafone Qatar as of 31 March 2016:

Name	Position	Date Appointed	Board Member Type	Representing
H.E. Sheikh Dr. Khalid Bin Thani Bin Abdullah Al Thani	Chairman*	19/06/2013	Independent and Non-Executive	Institutional investors and Public Shareholders
H.E Sheikh Faisal Bin Thani Al Thani	Vice Chairman	19/06/2013	Non-Executive	Vodafone & Qatar Foundation LLC
Abdullah Mohammed Mubarak Al Khulaifi	Member	19/06/2013	Independent and Non-Executive	Institutional investors and Public Shareholders
Sheikh Mohammed Bin Abdullah Mohammed Ali Al Thani	Member	19/06/2013	Independent and Non-Executive	Institutional investors and Public Shareholders
Mr. Rashid Fahad Al-Naimi	Member*	19/06/2013	Non-Executive	Vodafone & Qatar Foundation LLC
Mr. Steve Walters	Member	19/06/2013	Executive	Vodafone & Qatar Foundation LLC
Mrs Serpil Timuray	Member	01/06/2014	Non-Executive	Vodafone & Qatar Foundation LLC
Mr. John Otty	Member	28/01/2015	Non-Executive	Vodafone & Qatar Foundation LLC
Mr. Ian Gray	Member	1/12/2015	Executive	Vodafone & Qatar Foundation LLC

**H.E. Sheikh Dr. Khalid Bin Thani Bin Abdullah Al Thani resigned his position as Director and Chairman effective 16 May 2016 and was replaced by Mr. Rashid Fahad Al-Naimi as Chairman for the remainder of the term of the current Board until elections are held during the next AGA meeting in July 2016.*

The Company's Board of Directors was appointed for a term of three years expiring on 19 June 2016. Elections to appoint a Board of Directors for a further three (3) year term will be held at the Company's Annual General Assembly scheduled to take place in July 2016.

Independent Advice

The Board recognises that there may be occasions where one or more of the Directors consider it necessary to seek independent legal and/or financial advice at the Company's expense. Independent legal and / or financial advice is sought by the Board as and when it is considered appropriate.

Division of Responsibilities

Vodafone Qatar maintains a clear separation between the roles of the Chairman and Chief Executive Officer with a clear division of responsibilities as follows:

(a) the Chairman is responsible for the operation, leadership and governance of the Board, ensuring its overall effectiveness; and

(b) the Chief Executive Officer is responsible for the management of the business and implementation of the Company's overall strategy and policy.

Company Secretary

The Company Secretary acts as secretary to the Board and sub-committees of the Board and, with the consent of the Board, may delegate responsibility for the administration of both the Audit and Remuneration committees to other suitably qualified staff. The Company Secretary:

(a) assists the Chairman to ensure that Directors have full and timely access to all relevant information;

(b) is responsible for ensuring that the correct Board procedures are followed and advises the Board on matters relating to corporate governance; and

(c) administers the procedure under which Directors can, where appropriate, obtain independent professional advice at the Company's expense.

The appointment or removal of the Company Secretary is a matter for the Board as a whole. The current Company Secretary of Vodafone Qatar is Matthew Osborne, Director of Legal and Regulatory Affairs. Matthew is a solicitor qualified in both New Zealand and England and Wales and previously held the position of General Counsel and Company Secretary of Vodafone Ireland and its subsidiaries from 2007 to 2011. In his role as Company Secretary, he makes use of Vodafone Group support and best practise in the discharge of his duties and responsibilities.

Board Committees

Vodafone Qatar currently has an Audit Committee, Remuneration Committee, and Nomination Committee each of which are operated in accordance with a detailed Terms of Reference approved by the Board.

Audit Committee

The Audit Committee members are as follows:

Board Member	Position	Board Member Type
Mr. Rashid Fahad Al-Naimi	Chairman	Non-Executive
H.E. Sheikh Faisal Bin Thani Al Thani	Member	Non-Executive
Mr. John Otty	Member	Non-Executive

Article 18.1 of the QFMA Corporate Governance

Code suggests that a company's Audit Committee should be comprised of at least three members, the majority of whom should be independent. Vodafone Qatar's Board believes the current composition of the Audit Committee is appropriate for its effective operation.

The Audit Committee responsibilities include:

- monitoring the Company's compliance with statutory, legal and regulatory requirements;
- overseeing the relationship with the Company's external auditor;
- engaging independent advisors as it considers appropriate and necessary and to perform investigations;
- oversight and monitoring of the processes and controls comprising the Company's internal compliance and risk management framework and testing its effectiveness in mitigating identified business and operational risk;
- overseeing the integrity of the Company's accounting and financial reporting and its systems of internal controls;
- reviewing the scope, extent and effectiveness of the Company's internal audit function; and
- reporting to the Company's Board of Directors on areas of improvement and recommending actions.

Article 18.4 of the QFMA Corporate Governance Code suggests that a company's Audit Committee should meet as required and at least once every three months. Vodafone Qatar's Audit Committee currently meets twice per year with meetings scheduled to coincide with the approval and release of half and full year financial results. Vodafone Qatar considers this adequate in conjunction with the existing internal control and risk management processes adopted by the Company and described later in this report. Additional Audit Committee meetings may be held as appropriate.

The full Terms of Reference for the Audit Committee is publicly available on Vodafone Qatar's website www.vodafone.qa

Remuneration Committee

The Remuneration Committee members are as follows:

Board Member	Position	Board Member Type
Mr. Abdullah Mohammed Mubarak Al Khulaifi	Chairman	Independent & Non-Executive
H.E. Sheikh Mohammed Bin Abdullah Mohammed Ali Al Thani	Member	Independent & Non-Executive
Mr. John Otty	Member	Non-Executive

Article 17.1 of the QFMA Corporate Governance Code suggests that a company's Remuneration Committee be comprised of at least three non-executive Board members, the majority of whom must be independent. Currently, only two of the three Remuneration Committee members of the Vodafone Qatar Board are independents. The remaining non-executive member represents Vodafone and Qatar Foundation LLC.

The purpose of the Remuneration Committee is to determine and have oversight of the Company's remuneration policy and principles, in particular, as they apply to Board Members and Senior Executive Management. In addition to having responsibility for the administration of the Company's executive incentive plans, the Remuneration Committee:

- advises the Board if it believes that there are particular matters relating to remuneration which should be put to the Company's shareholders; and
- reports annually to the Board on a recommended remuneration policy for presentation to shareholders at the General Assembly meeting.

Article 30.3 of the QFMA Corporate Governance Code states that the Board shall develop remuneration policies and packages that provide incentives for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company. Day to day application and operation of the remuneration policy continues to be managed and governed by Vodafone Qatar in accordance with Vodafone Group policy and pursuant to the Vodafone Qatar Management Agreement.

The full Terms of Reference for the Remuneration Committee is publicly available on Vodafone Qatar's website www.vodafone.qa

Nomination Committee

Article 16 of the Corporate Governance Code (relating to a company's Nomination Committee) states that nominations and appointments of Board members shall be made according to formal, rigorous and transparent procedures and the Nomination Committee comprise of Independent Board Members and chaired by an Independent Board Member. The Board has appointed a Nominations Committee for the purposes of the upcoming Board elections.

Due to recent changes on the Board of Directors, the Nomination Committee will comprise of one independent and non-independent Member and two non-Executive Members as follows:

Board Member	Position	Board Member Type
H.E Sheikh Mohammed Bin Abdullah Mohammed Ali Al Thani	Chairman	Independent & Non-Executive
Mr. Rashid Fahad Al-Naimi	Member	Non-Executive
Mr. Ian Gray	Member	Executive

The composition of the Nomination Committee will be reviewed following the Board elections. The Nomination Committee shall be responsible for the administration of the nominations process in respect of the election of the Company's Board of Directors and replacement of Board members. It recommends Board Members' appointments and re-nomination for election by the General Assembly. In carrying out its function, the Committee must operate in a manner consistent the principles of good governance and ensure that the nominations process is conducted in a manner that is consistent with local laws and regulations. The Committee will advise and report to the Board in respect of the nominations process and any matters arising out of or relating to the same and prepare such reports as may be required to comply with applicable disclosure requirements. The Committee also conducts an annual self-assessment of the Board's performance.

The Terms of Reference are available on the Company's website at www.vodafone.qa.

Sharia Advisor

The Company has appointed a Sharia advisor with specialist knowledge and expertise in financial transactions with not less than ten (10) years of experience in supervising Islamic financial institutions. The Sharia advisor shall be nominated by the Board of Directors and his appointment ratified at the General Assembly.

The Sharia advisor will have various responsibilities and duties in respect of Vodafone Qatar's Sharia compliance including, but not limited to the following:

- approving Sharia aspects of the Company's Articles of Association and by-laws;
- approving agreements and contracts in relation with financial transactions;
- approving financing structures, terms, and documents;
- reviewing Company operations and activities from a Sharia perspective;
- approving Sharia training to support employees in complying with Sharia standards and improving their capabilities; and
- presenting an annual report to the Annual General Assembly meeting summarizing the year's performance from a Sharia compliance perspective.

Shareholders' Rights

Disclosure

Vodafone Qatar conforms to all disclosure requirements of Article 21 of the QFMA Corporate Governance Code, providing quarterly financial statements prepared in accordance with International Financial Reporting Standards (IFRS) to the Qatar Exchange and Qatar Financial Markets Authority (QFMA) within the deadlines stipulated.

Vodafone Qatar is compliant with Article 22 of the Corporate Governance Code. Shareholders have all the rights conferred upon them by related laws and regulations including the Corporate Governance Code and the Company's by-laws. Further, the Board of Directors ensures that shareholders' rights are respected in a fair and equitable manner.

Vodafone Qatar is compliant with Article 25 of the Corporate Governance Code; the Company's Articles of Association includes provisions to ensure shareholders have the right to call for a General Assembly which is convened in a timely manner. Shareholders have the right to place items on the agenda, discuss matters listed on the agenda and to address questions and receive answers.

Vodafone Qatar is compliant with Article 26 of the Corporate Governance Code ensuring equitable treatment of shareholders. All the company's shares are of the same class and have the same rights attached to them. Further, proxy voting is permitted in compliance with all QFMA and Ministry of Economy and Commerce related laws and regulations.

Shareholder Relations

Vodafone Qatar has a dedicated Investor Relations department and is committed to communicating to shareholders the Company's strategy and activities, and seeks to maintain an active dialogue with investors through a planned programme of investor relations activities throughout the year. The investor relations programme includes:

(a) publication of press releases and presentation of quarterly, half-year and full-year results;

(b) hosting of the Annual General Assembly meeting which all shareholders are invited to attend through announcements in at least two local daily newspapers;

(c) publication of the Annual Report detailing the Company's financial statements and annual review of business operations;

Vodafone Qatar has a dedicated Investor Relations department and is committed to communicating to shareholders the Company's strategy and activities, and seeks to maintain an active dialogue with investors through a planned programme of investor relations activities throughout the year.

(d) assigning a specialised company for the General Assembly registration process and voting process to ensuring the rights of voting;

(e) explanation of the dividend policy at every General Assembly Meeting;

(f) meetings as required between institutional investors and analysts and the Chief Executive Officer and/or Chief Financial Officer to discuss business performance;

(g) hosting an annual investor and analyst session at which senior executive managers provide an overview of business and financial performance;

(h) attendance by executive managers at relevant meetings and conferences throughout the year;

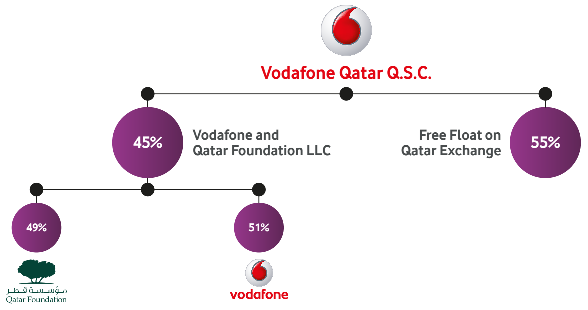
(i) responding to enquiries from shareholders and analysts through the Investor Relations team; and

(j) www.vodafone.qa is the Investor Relations section of our website dedicated to shareholders.

The principal communication with private investors is via the Annual Report and through the Annual General Assembly meeting where all shareholders are able to attend, and those present at the meeting are given the opportunity to question the Chairman and Board Members. After the General Assembly meeting, shareholders can meet informally with Board Members and the Executive Managers of the Company. A summary presentation of the Company's financial results is given at the General Assembly meeting before the Chairman deals with the formal business of the meeting.

Vodafone Qatar is compliant with Article 31 of the QFMA Corporate Governance Code. All shareholders have access to the Company's website www.vodafone.qa to view quarterly financial performance, the Annual Report, Corporate Governance Report, Governance Charter, Board Charter, Articles of Associations and biographies of all Board members and the Company's executive management team.

As at 31 March 2016, Vodafone Qatar's capital structure was as follows:



Stakeholders' Rights

Vodafone Qatar's Board of Directors ensures that all employees are treated equally without any discrimination whatsoever on the basis of race, gender or religion. Remuneration policy and packages have been established to incentivise employees to perform in the best interests of the Company and retain and reward employees who demonstrate exceptional performance.

Vodafone Qatar's Code of Conduct (available online www.vodafone.qa) specifies that any behaviour witnessed at work which may be a breach of the Code of Conduct, or seem illegal or unethical, must be reported. Such behaviour could include bribery, fraud, price fixing or a breach of data privacy. Appropriate mechanisms are in place to enable all employees to report any behaviour in violation of the Company's Code of Conduct confidentially without the risk of a negative reaction from other employees or the employee's superiors.

Internal control and risk management

Internal control processes

The Board has overall responsibility for internal risk management and control processes. Vodafone Qatar has implemented a dedicated compliance programme in accordance with best practice mandated by the Vodafone Group. As part of the compliance programme, Vodafone Qatar applies the policies and processes set forth in the Vodafone Group Policy Manual which identifies discrete governance policies designed to ensure that all material financial and business risks are identified and managed appropriately.

The existence and effectiveness of Vodafone Qatar's internal controls and processes to achieve and maintain compliance with the Vodafone Group governance policies is primarily the responsibility of Vodafone Qatar's management and is monitored through compliance and internal audit. Internal audit provides an independent assurance over the internal control system and reports significant issues to the Audit Committee. The level of compliance with Vodafone Group governance policies is assessed on an annual basis by the Company's Compliance Department using the Policy Compliance Review assessment tool.

Internal Audit

Vodafone Qatar's Internal Audit Department is a service provided and supported by Vodafone Group as part of the company's internal governance and compliance framework. The Internal Audit Department provides objective and independent assurance over critical business processes and projects. The Internal Audit Department reviews business and technology processes to identify the risks, review the controls and make recommendations to enable better management of the business by identifying those aspects of the business that could be controlled more effectively. The Internal Audit team has the independence to report objectively on any function without being constrained by line management. The Internal Audit team monitors and supports key governance structures and activities to ensure ongoing effectiveness. The team also identifies and promotes good business practices and reviews on a risk-basis the Company's financial and accounting policies and processes.

The Internal Audit Department provides a detailed report at each Audit Committee meeting, undertaking consultations as required. In addition, Internal Audit operates in co-operation with and has full access to, the Vodafone Qatar Audit Committee. As a function provided by the Vodafone Group, the Board considers the Internal Audit Department as being independent from Vodafone Qatar.

Vodafone Group's Internal Audit activity complies with the International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors.

Article 19.3.5 of the QFMA Corporate Governance Code prescribes that a company's internal audit function should be independent from the day-to-day functioning of the company and suggests reinforcing this independence by having the Board determine compensation of its staff. As a function provided by the Vodafone Group, the Board considers the Internal Audit Department as being independent from Vodafone Qatar.

External Auditor

The decision to appoint the External Auditors including a review of the External Auditor's remuneration is made at the Annual General Assembly at which all shareholders are able to participate. The External Auditors attend the Annual General Assembly to present their report and to answer queries from shareholders.

The purpose of appointing an External Auditor is to provide objective assurance to the Board and shareholders that the financial statements have been prepared in accordance with all related laws, regulations and International Financial Reporting Standards (IFRS) and that they fairly represent the financial position and performance of the Company in all material aspects.

PwC currently hold the position of Vodafone Qatar's External Auditors and they conduct a full audit at the end of the Company's financial year and supplement this with a review of the Company's half-year results.

Article 20.5 of the QFMA Corporate Governance Code states that a listed company should change its External Auditor every three years; while Article 141 the previous Commercial Companies Law No. 5 of 2002 states that the period of appointment of the auditors may not exceed 5 years. Vodafone Qatar's Articles of Association (Article 60) is aligned to the previous Commercial Companies Law and states that an auditor can be appointed for a period not exceeding five consecutive years.

Conflicts of Interest and Insider Trading

Conflicts of Interest

Vodafone Qatar has an established Conflicts of Interest Policy that is in accordance with the Vodafone Group Conflicts of Interest Policy that forms part of the Vodafone Group Governance Policy framework and Code of Conduct. The purpose of this policy is to promote and maintain transparency and proper management of any potential conflict of interest relating to employees and their personal interests outside Vodafone Qatar. Application of this policy in accordance with Vodafone Group best practice serves to protect the interests of both the company and its employees from any impropriety.

The Vodafone Qatar Board, Executive Management Team and all staff in positions of key responsibility or influence are required to undertake an annual self-assessment to declare any personal or professional interests that would either make it difficult for them to fulfil their duties to the Company or that might otherwise create an appearance of impropriety that could undermine public confidence in Vodafone Qatar.

Anti-Bribery

Vodafone Qatar operates to an established and comprehensive framework that is in accordance with Vodafone Group global best practice and designed specifically to manage a number of areas of compliance and business risk. This extends to include customer and data privacy, network security and resilience and anti-bribery.

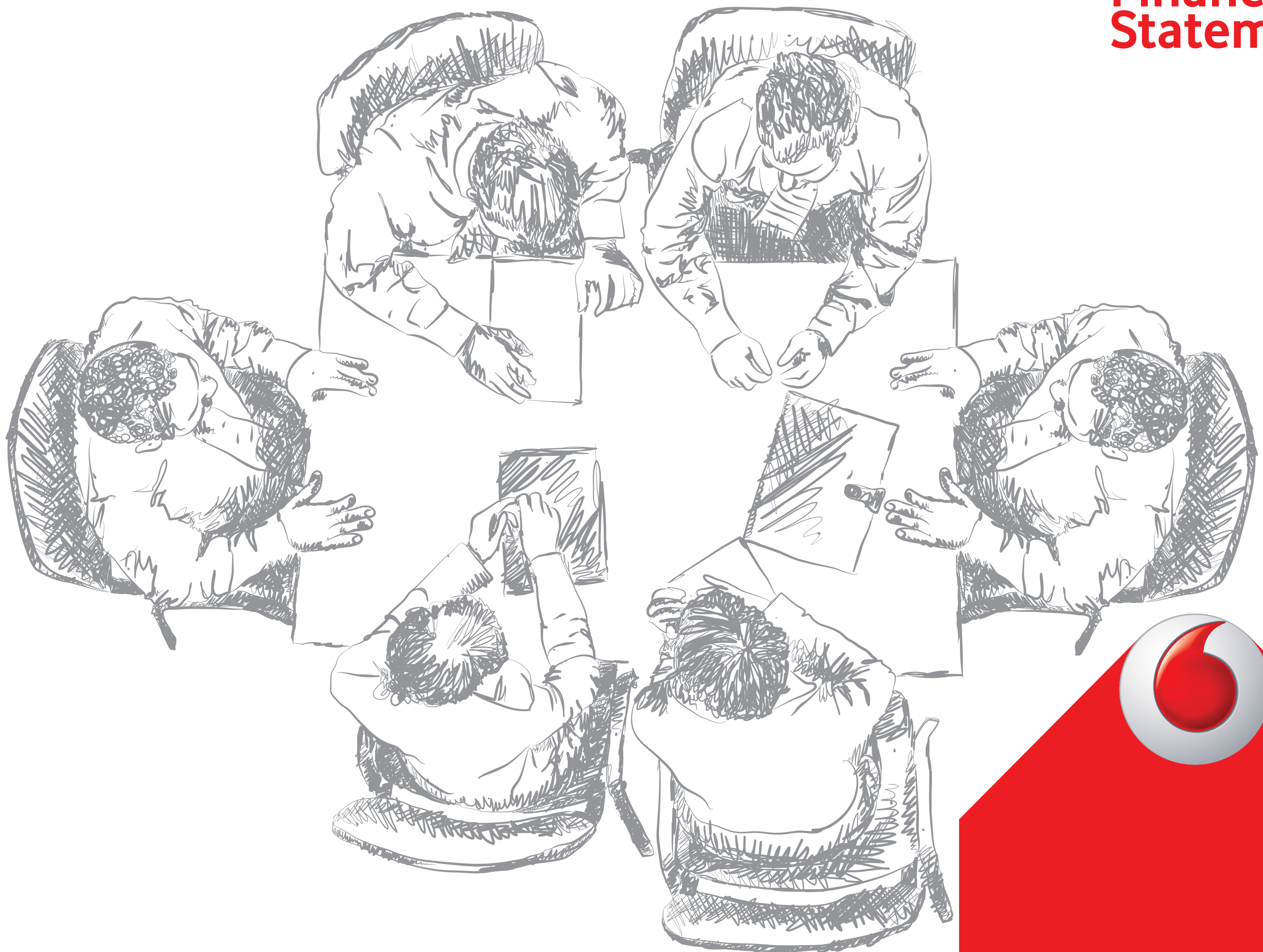
As part of the anti-bribery program specific, actions and measurements are taken to actively manage identified sources of risk. Measures taken include:

- mandatory training for all staff in key positions of responsibility or influence;
- creating and maintaining an official register in which all employees are required to record all corporate gifts or hospitality whether given or received.

Breaches of this policy are treated as a serious disciplinary offence.

Insider Trading

Vodafone Qatar has created an information document summarising the insider trading rules and regulations applicable in Qatar. This document, together with relevant share trading black-out dates, is communicated to the Vodafone Qatar Board, Executive Management Team and all employees prior to the end of each quarter.



BUILDING STRONGER CONNECTIONS, TOGETHER

Financial Statements

In the Name of God, Most Gracious, Most Merciful

Annual Sharia Report of Vodafone Qatar for the year ended 31 March 2016

Dear Shareholders,

All praise is due to Allah, Lord of the Worlds, and may His Peace and Blessings be upon His Messenger, the mercy to the Worlds, our master Mohammad and his family and companions.

In accordance with the mandate we received, we present herein our Annual Report:
First – We have arranged with the Company the Sharia compliant contracts and have guided the Company's activities to comply with Islamic Sharia standards and principles.

Second – We have supervised investment of the available liquid assets with the Company's management by setting Sharia rules and regulations. We further instructed that such investments must not conflict with Islamic Sharia standards and principles.

Third – We directly supervised the Internal Sharia Audit and Sharia Review process conducted through an independent company. We presented our observations to the Company's Management, who subsequently reviewed and discussed those observations to take the appropriate corrective actions to meet Sharia requirements.

Fourth – The responsibility of execution falls upon the Company's Management. Our responsibility is limited to offering an independent opinion based on what was presented to us for review of the Company's operations and activities, and preparing this report to you.

It is our opinion that

a) The Financial Statements for the year ended 31 March 2016, which we have reviewed, do not contain anything conflicting with Islamic Sharia standards.
b) Contracts signed by the Company for the year ended 31 March 2016, which we have examined and reviewed, do not principally conflict with Islamic Sharia standards.
c) The duty of paying Zakat does not fall upon the Company, but rather on the shareholders. We have calculated the due Zakat payment of the Company for the year ended 31 March 2016, and this amount equates to QR 0.01 (e.g. 1000 shares × 0.01 = QR 10)

In conclusion, we ask Allah the most High to bless everyone's efforts to implement Sharia principles and achieve it for the benefit of this dear country.

Assalamu 'alaikum wa rahmatullahi wa barakatuh

Prof. Dr. Ali M. Al Quradaghi
Sharia Advisor for Vodafone Qatar

Financial Statements and Independent Auditor's Report

For The Year Ended 31 March 2016

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

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

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

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

Mohamed Elmoataz
of PricewaterhouseCoopers

Auditor's registration number: 281

Doha, 16 May 2016

STATEMENT OF INCOME

For the year ended 31 March 2016

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

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

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

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

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

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

Ian Gray
Chief Executive Officer

Stephen Charles Walters
Chief Financial Officer

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

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

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

STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

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

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

1. Incorporation and principal activities

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

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

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

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

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

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

2. Basis of preparation

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

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

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

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

Earnings before interest/ financing income and costs, tax, depreciation and amortisation (EBITDA)
EBITDA has been a key external measure used by the Company to explain the financial performance to shareholders and others and has been presented as part of the statement of income.

3. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

Borrowing costs
The borrowing costs (interest expense and wakala financing costs) incurred on funding construction of qualifying assets are capitalised as being part of cost of construction. All other borrowing costs are recognised on an accrual basis using the effective

yield method in the statement of income during the year in which they arise.

Income tax

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

Property, plant and equipment

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

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

Depreciation
Depreciation of these assets commences when the assets are ready for use as intended by the management. Depreciation is charged so as to write off the cost of assets, other than assets under construction, over their estimated useful lives using the straight line method as follows:

Leasehold improvements	During the period of the lease
Network infrastructure	4 - 25 years
Other equipment	1 - 5 years
Furniture and fixtures	4 - 8 years
Others	3 - 5 years

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income.

Intangible assets

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

License fees
Licence fees are stated at cost less accumulated amortisation. The amortisation period is determined primarily by reference to the unexpired licence period, the conditions for the licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the statement of income on a straight-line basis over the estimated useful lives from the commencement of service of the network. The estimated useful lives of the mobile and fixed line licenses are 20 years and 25 years respectively.

Indefeasible rights of use ("IRU")
IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Company has the indefeasible right to use a specific asset, generally specific optical fibres or dedicated wavelengths on specific cables, and the duration of the right is for the major part of the underlying asset's economic life. IRU's are considered as intangible assets with finite lives (15 years).

Finite lived intangible assets (including software)
Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of income on a straight line basis (3 to 5 years).

Impairment of assets

Property, plant and equipment and finite lived intangible assets.
At each end of reporting period date, the Company reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the statement of income.

Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average cost and comprises direct materials and, where applicable, direct labour cost and those overheads that have been incurred in bringing the inventories to their present location and condition.

Employees' end of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of Qatar Labour Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Non-derivative financial instruments

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

Financial assets

Financial assets recognised by the Company include:

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

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

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

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

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

Financial liabilities and equity instruments

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

Trade payables

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

Wakala financing liabilities

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

Equity instruments

Ordinary shares issued by the Company are classified as equity.

Derecognition of financial liabilities

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

Derivative financial instruments

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

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For trade receivables, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; (ii) default or delinquency in interest or principal payments; or (iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount

and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Dividend on ordinary share capital

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

4. Segment reporting

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance of the components. The functions of the CODM are performed by the Board of Directors of the Company.

(a) Description of products and services from which each reportable segment derives its revenue and factors that management used to identify the reportable segments

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

(b) Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on IFRS adjusted to meet the requirements of internal reporting. Such financial information does not significantly differ from that presented in these financial statements.

5. Revenue

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

6. Interconnection and other direct expenses

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

7. Network, rentals and other operational expenses

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

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

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

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

10. Property, plant and equipment

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

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

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

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

11. Intangible assets

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

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

12. Trade and other receivables

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

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

13. Inventories

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

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

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

14. Cash and cash equivalents

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

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

15. Share capital

	31 March 2016		31 March 2015	
	Number	QR'000	Number	QR'000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QAR 10 each	**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 previous 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 previous Commercial Companies Law No. 5 of 2002. Further, as per Article 69(a) of the Articles of Association of the Company, 5% of annual distributable profits should be transferred to a separate legal reserve. The General Assembly may discontinue this deduction if the legal reserve reaches 10% of the paid up capital.

Distributable profits:
As per Article 69 of the Articles of Association of the Company, distributable profits are defined as the net profit/loss for the financial year plus amortisation of license fees for the year. Undistributed profits are carried forward and are available for distribution in future periods.

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

17. Wakala liabilities

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

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

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

18. Provisions

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

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

18.1. Employee's end of service benefits

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

19. Trade and other payables

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

19.1 Dividend payable

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

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

20. Related party transactions

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

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

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

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

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest. No impairment losses were recognised for balances due from related parties during the year (2015: nil). The payables to related parties arise mainly from purchase transactions and bear no interest. Wakala liabilities have an anticipated profit rate.

Compensation of key management personnel

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

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

21. Financial instruments and risk management

Capital management

The following table summarises the capital structure of the Company:

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

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.

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

Foreign currency risk management

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

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

Interest rate risk management

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

Profit rate on Wakala financing

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

Credit risk management

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

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

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

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

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

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

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

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

Liquidity risk management

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

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

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

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

Fair value of financial instruments

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

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

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

22. Commitments and contingent liabilities

Commitments

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

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

Other commitments

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

Contingent liabilities

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

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

Credit Guarantees – third party indebtedness
Credit guarantees comprise guarantees and indemnity of bank or other facilities.

23. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

Impairment reviews

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

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

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

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

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

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

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

Revenue presentation: gross versus net

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

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

Estimation of useful life

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

Licence fees

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

Property, plant and equipment

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

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

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

Provision for receivables

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

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. Inventories which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Asset retirement obligation

A provision for asset retirement is made when a site lease contains a restoration clause, or where historical experience indicates that these costs will be incurred, and where such modification to the site has already occurred that would result in an economic outflow to return the site to its original condition, and only to the extent that an economic outflow in respect of restoration costs is considered probable. The future expected restoration costs are estimated by applying an average inflation rate to recently incurred costs and an average lease renewal rate is applied based on historical renewal rates and estimated future renewals.

24. Adoption of new and revised accounting standards

New and amended standards adopted by the Company

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

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

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

New standards and interpretations not yet adopted

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

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

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

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

- *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.

GLOSSARY AND DISCLAIMER

Glossary

Distributable Profits
Net profit or loss plus amortisation of the licence, for the financial year.

ARPU
Average Revenue Per User – Service revenue divided by average customers.

Capital Intensity
Capital expenditure divided by revenue in the year, expressed as a percentage.

EBITDA
Earnings Before Financing, Tax, Depreciation and Amortisation

EBITDA Margin
EBITDA divided by revenue for the financial year.

Sharia Compliance
Meeting all of the requirements of Islamic law and the principles articulated for Islamic finance.

Disclaimer

This constitutes the annual report of Vodafone Qatar Q.S.C. ("Vodafone Qatar") for the year ended 31 March 2016 and is dated 16 May 2016. The content of the company's website (www. vodafone.qa) should not be considered to form part of this annual report.

In the discussion of Vodafone Qatar's reported financial position, operating results and cash flow for the year ended 31 March 2016, the material is presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information is not uniformly defined by all companies, including those in Vodafone Qatar's industry. Accordingly, it may not be comparable with similarly-named measures and disclosures by other companies.

The terms "Vodafone Qatar", "we", "us" refer to the company Vodafone Qatar Q.S.C.

This annual report contains forward-looking statements that are subject to risks and uncertainties, including statements about Vodafone Qatar's beliefs and expectations. All statements other than statements of historical or current facts included in the document are forward-looking statements. Forward-looking statements express the current expectations and projections of Vodafone Qatar relating to the condition, plans, objectives, future performance and business of Vodafone Qatar, as well as their expectations in relation to external conditions and events relating to Vodafone Qatar and its respective sector, operation and future performance. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. The forward-looking statements may include words such as "forecast", "anticipate", "estimate", "believe", "project", "plan", "intend", "prospective" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

Due to these factors, Vodafone Qatar cautions that you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time-to-time, and it is impossible to predict these events or how they may affect Vodafone Qatar. Except as required by Qatari law, the rules of the QFMA, or the rules of the Qatar Exchange, Vodafone Qatar has no duty to, and does not intend to, update or revise the forward-looking statements included herein after the date of the annual report.

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