



VODAFONE QATAR P.Q.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2019**

VODAFONE QATAR P.Q.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2019

CONTENTS	Page (s)
Independent auditor's review report	--
Interim condensed financial statements	
Interim condensed statement of income	1
Interim condensed statement of comprehensive income	2
Interim condensed statement of financial position	3
Interim condensed statement of changes in equity	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6 - 14

Ref: 99-8

RN: 0153/BH/FY 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of
Vodafone Qatar P.Q.S.C.
Doha, Qatar

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Vodafone Qatar P.Q.S.C. (the "Company") as of June 30, 2019 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Doha – Qatar

29 July 2019

For Deloitte & Touche

Qatar Branch
Walid Slim



Partner
License No. 319
QFMA Auditor License No. 120156



INTERIM CONDENSED STATEMENT OF INCOME
For the six month period ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		(Reviewed) QR'000	(Reviewed) QR'000
Revenue	5	1,062,200	1,051,220
Interconnection and other direct expenses		(392,959)	(399,875)
Employee salaries and benefits		(114,418)	(121,984)
Network, rentals and other operational expenses		(196,944)	(245,691)
Depreciation of property, plant and equipment	9	(111,491)	(129,142)
Amortisation of intangible assets	10	(89,493)	(85,716)
Depreciation of right-of-use assets		(41,608)	-
Loss on disposal of property, plant and equipment		-	(1)
Industry fee	6	(8,843)	(5,656)
Operating profit		106,444	63,155
Wakala contract cost		(15,901)	(13,704)
Other financing costs	7	(14,005)	(2,589)
Profit from mudaraba		1,531	1,843
Profit for the period		78,069	48,705
Basic and diluted earnings per share (in QR per share)	8	0.02	0.01

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.



INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Reviewed)	(Reviewed)
	QR'000	QR'000
Profit for the period	78,069	48,705
Other comprehensive income	-	-
Total comprehensive income for the period	78,069	48,705

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.



INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Non-current assets			
Property, plant and equipment	9	1,242,696	1,292,463
Intangible assets	10	4,460,135	4,428,490
Right-of-use assets	3	356,305	-
Trade and other receivables		34,903	25,501
Total non-current assets		6,094,039	5,746,454
Current assets			
Inventories		24,250	35,289
Contract assets		24,956	26,660
Contract costs		5,172	4,421
Trade and other receivables		339,113	268,613
Cash and bank balances	11	236,918	401,278
Total current assets		630,409	736,261
Total assets		6,724,448	6,482,715
Equity			
Share capital	12	4,227,000	4,227,000
Legal reserve		57,499	51,493
Retained earnings		171,008	312,247
Total equity		4,455,507	4,590,740
Non-current liabilities			
Provisions	14	107,778	103,047
Lease liabilities	3	245,874	-
Trade and other payables		102,241	53,246
Total non-current liabilities		455,893	156,293
Current liabilities			
Wakala contract		836,027	820,105
Lease liabilities	3	93,813	-
Trade and other payables		883,208	915,577
Total current liabilities		1,813,048	1,735,682
Total liabilities		2,268,941	1,891,975
Total equity and liabilities		6,724,448	6,482,715

The interim condensed financial statements were approved by the Board of Directors on 29 July 2019 and were signed on its behalf by:

Abdulla Bin Nasser Al Misnad
Chairman

Rashid Fahad Al Naimi
Managing Director

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

VODAFONE QATAR P.Q.S.C.



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY For the six month period ended 30 June 2019

	Share capital	Legal reserve	Retained earnings/(Accumulated losses)	Total equity
	QR'000	QR'000	Distributable profits QR'000 Accumulated losses QR'000 Total QR'000	QR'000
Balance as at 1 January 2018 (Audited)	8,454,000	41,400	247,943	4,471,614
Impact of change in accounting policy- Initial application of IFRS 9 and IFRS 15	-	-	-	2,868
Restated balance as at 1 January 2018	8,454,000	41,400	247,943	4,474,482
Total comprehensive income for the period:				
Profit for the period	-	-	48,705	48,705
Total comprehensive income for the period	-	-	48,705	48,705
Transfer to distributable profits (note 13)	-	-	90,725	-
Transfer to legal reserve (note 13)	-	4,536	(4,536)	-
Balance as at 30 June 2018 (Reviewed)	8,454,000	45,936	334,132	4,523,187
Balance at 1 January 2019 (Audited)	4,227,000	51,493	396,314	4,590,740
Profit for the period	-	-	-	78,069
Total comprehensive income for the period	-	-	-	78,069
Transfer to distributable profits (note 13)	-	-	120,115	-
Transfer to legal reserve (note 13)	-	6,006	(6,006)	-
Dividend for the year ended 31 December 2018 (note 17)	-	-	(211,350)	(211,350)
Transfer to social and sports fund	-	-	(1,952)	(1,952)
Balance at 30 June 2019 (Reviewed)	4,227,000	57,499	297,121	4,455,507

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.



INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2019

	Six months ended 30 June	
	2019 (Reviewed) QR'000	2018 (Reviewed) QR'000
Cash flows from operating activities		
Net profit for the period	78,069	48,705
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	111,491	129,142
Amortisation of intangible assets	89,493	85,716
Depreciation of right-of-use assets	41,608	-
Profit from mudaraba	(1,531)	(1,843)
Other financing costs	14,005	2,589
Wakala contract cost	15,901	13,704
Loss on disposal of property, plant and equipment	-	1
<i>Change in operating assets and liabilities</i>		
Decrease in inventories	11,039	24,280
Increase in trade and other receivables	(92,034)	(23,055)
Decrease in contract assets	1,704	-
Increase in contract costs	(751)	-
Increase/ (decrease) in trade and other payables	2,107	(85,821)
Increase/ (decrease) in provisions	4,731	(14,607)
Net cash flows from operating activities	275,832	178,811
Cash flows used in investing activities		
Purchase of property, plant and equipment	(61,724)	(69,792)
Purchase of intangible assets	(121,138)	(31,319)
Movement in restricted bank accounts	(7,050)	374
Profit received from mudaraba	1,531	1,843
Net cash flows used in investing activities	(188,381)	(98,894)
Cash flows used in financing activities		
Repayment of lease liabilities	(54,561)	-
Dividend paid	(204,300)	-
Repayment of wakala contract	-	(12,217)
Net cash flows used in financing activities	(258,861)	(12,217)
Net (decrease)/ increase in cash and cash equivalents	(171,410)	67,700
Cash and cash equivalents at the beginning of the period	390,601	186,608
Cash and cash equivalents at the end of the period	219,191	254,308

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

**1 INCORPORATION AND PRINCIPAL ACTIVITIES**

Vodafone Qatar P.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 Economy and Commerce on 23 June 2008 under Commercial Registration No: 39656. The shares of the Company are listed on the Qatar Exchange.

Vodafone Group Plc was the ultimate parent of the Company until March 2018. However, pursuant to change in ownership of the immediate parent company i.e. Vodafone & Qatar Foundation LLC during the previous year, Qatar Foundation has now become the ultimate parent of the Company.

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 primarily regulated by the Communications Regulatory Authority (CRA) pursuant to Law No. 34 of 2006 (Telecommunications Law), the terms of its mobile and fixed licences and applicable regulation.

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

To comply with the instructions of Qatar Financial Markets Authority, the Company implemented a 5 for 1 share split i.e. 5 new shares with a par value of QR 1 each were exchanged for 1 old share with a par value of QR 5 each. The Company obtained its shareholders’ approval at the Company’s Extraordinary General Assembly held on 4 March 2019. The share split was approved by Ministry of Economy and Commerce together with the approval of the amended Articles of Association on 22 May 2019. The listing of the new shares on Qatar Exchange was effective from 4 July 2019.

2 BASIS OF PREPARATION**Statement of compliance**

The interim condensed financial statements for the six month period ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34).

All amounts in the interim condensed financial statements are stated in thousands of Qatari Riyals (QR’000) unless indicated otherwise. These interim condensed financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

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

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

The Company’s financial risk management objectives and policies, judgments and estimates are consistent with those disclosed in the financial statements as at and for year ended 31 December 2018, except as noted in notes 3 and 4.



3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2018 and the notes attached thereto, except for the adoption of certain new and revised standards that became effective in current period as set out below:

(i) New and amended standards adopted by the Company

The Company adopted IFRS 16 *Leases* which replaces the existing guidance on leases, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's Statement of Financial Position, unless the term is 12 months or less or the lease is for low value assets. Thus, the classification required under IAS 17 *Leases* into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs. The right-of-use asset is amortized over the useful life.

The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets is generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Company to present a reconciliation from the off-balance sheet lease obligations as of 31 December 2018 to the recognized lease liabilities as of 1 January 2019, as follows:

	<u>QR'000</u>
Operating lease commitments disclosed as of 31 December 2018	627,556
Less: discounting using the Company's incremental borrowing rate	(42,025)
Less: short term leases recognised on a straight line basis as expense	(17,454)
Less: contracts reassessed as service agreements	(19,223)
Less: adjustments as a result of a different treatment of extension and termination options	(182,938)
Lease liabilities recognised as at 1 January 2019	<u>365,916</u>
Current lease liabilities	87,094
Non-current lease liabilities	278,822
	<u>365,916</u>

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New and amended standards adopted by the Company (continued)

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 QR'000	1 January 2019 QR'000
Exchange and network assets	345,870	343,830
Buildings/ offices	33,917	16,094
Duct access	18,125	18,125
Total right-of-use assets	<u>397,913</u>	<u>378,049</u>

The additions during the period for right-of-use assets amounted to QR 19,864 thousands and depreciation of right-of-use assets amounted to QR 41,608 thousands.

The change in accounting policy affected the following items in the condensed interim statement of financial position on 1 January 2019:

- right-of-use assets – increase by QR 378,049 thousands
- lease liabilities – increase by QR 365,916 thousands

The difference of QR 12,133 thousands is on account of prepayments related to these leases. As a result, there was no impact on the retained earnings as on 1 January 2019.

The change in accounting policy affected the following items in the interim condensed statement of income for the six-month period ended 30 June 2019:

- Network, rentals and other operational expenses - Decrease by QR 44,068 thousands
- Depreciation – Increase by QR 41,608 thousands
- Finance cost – Increase by QR 8,468 thousands

Earnings per share for the six-month period ended 30 June 2019 decreased by QR 0.0012 as a result of the change in accounting policy.

The Company's leasing activities and how these are accounted for:

The Company leases various offices, cell sites, warehouses, ducts, retail stores and equipment. Rental contracts are typically made for fixed periods of 5-10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and leased assets are not used as security for borrowing purposes.

Until the financial year 2018, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the payments (including in-substance fixed payments), less any lease incentives receivable.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New and amended standards adopted by the Company (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Practical expedient

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

(ii) Revised standards

Effective for annual periods beginning on or after 1 January 2019

- Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities
- Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

(iii) New and revised standards and interpretations but not yet effective

The Company has not applied the following new and revised IFRS Standards that have been issued but are effective for annual periods beginning after 1 January 2020:

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) New and revised standards and interpretations but not yet effective (continued)

- Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the *Conceptual Framework*

4 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Changes in judgements and estimation uncertainty

The critical judgements and estimates used in the preparation of these condensed interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2018 except for the changes highlighted below:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of QR 182,938 thousands have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Useful economic lives

During the period, the Company conducted a review of expected useful economic lives (UEL) of its assets to align the accounting estimates with industry benchmarks. As a result, the UEL of assets has changed as follows:

	Previous UEL	Revised UEL
Leasehold improvements	Lease term	Lease term
Network infrastructure	4 - 25 years	3 - 25 years
Other equipment	1 - 5 years	1 - 5 years
Furniture and fixtures	4-8 years	5 years
Others	3 - 5 years	3 - 5 years

Change in accounting estimate for the useful economic lives of assets has resulted in a decrease in the depreciation charge for the period by QR 27,113 thousands.

5 REVENUE

	Six months ended 30 June	
	2019	2018
	(Reviewed)	(Reviewed)
	QR'000	QR'000
Revenue from pre-paid mobile services	351,001	449,350
Revenue from post-paid mobile services	488,117	413,012
Sale of equipment (mobile/network) and accessories	94,856	90,744
Other revenue	128,226	98,114
	1,062,200	1,051,220



6 INDUSTRY FEE

In accordance with its operating licenses for Public Telecommunications Networks and Services granted in Qatar by ictQatar, now referred to as the Communications Regulatory Authority (CRA), the Company is liable to pay to the CRA an annual industry fee which is calculated at 12.5% of adjusted net profit on regulated activities undertaken in Qatar.

7 OTHER FINANCING COST

Six months ended 30 June	
2019 (Reviewed) QR'000	2018 (Reviewed) QR'000
Interest expense on lease liabilities (Note 3)	8,468
Other financing cost	5,537
	14,005
	2,589

8 BASIC AND DILUTED EARNINGS PER SHARE

Six months ended 30 June	
2019 (Reviewed)	2018 (Reviewed)
Profit for the period (QR '000)	78,069
Weighted average number of shares (in thousands) (2018: Restated)	4,227,000
Basic and diluted earnings per share (QR) (2018: Restated)	0.02
	0.01

As a result of the share split, the weighted average number of shares and the earnings per share has been retrospectively adjusted and the comparatives have been restated. Refer note 11.1 for further details.
There is no dilutive element and hence the basic and diluted shares are the same.

9 PROPERTY, PLANT AND EQUIPMENT

	30 June 2019	31 December 2018
	(Reviewed) QR'000	(Audited) QR'000
Net book value at the beginning of the period/ year	1,292,463	1,201,978
Additions during the period / year	61,724	346,606
Depreciation for the period/ year	(111,491)	(256,047)
Disposals for the period / year	-	(61)
Reclassifications/ year	-	(13)
Net book value at the end of the period / year	1,242,696	1,292,463

10 INTANGIBLE ASSETS

	30 June 2019	31 December 2018
	(Reviewed) QR'000	(Audited) QR'000
Net book value at the beginning of the period / year	4,428,490	4,461,427
Additions during the period / year	121,138	142,284
Amortisation for the period/ year	(89,493)	(169,066)
Disposals/ write off for the period/ year	-	(6,168)
Reclassifications	-	13
Net book value at the end of the period/ year	4,460,135	4,428,490

**11 CASH AND BANK BALANCES**

	30 June 2019	31 December 2018
	(Reviewed)	(Audited)
	QR'000	QR'000
Cash and bank balances	236,918	401,278
Less: Balance with restricted bank accounts – note 11.1	(17,727)	(10,677)
Cash and cash equivalents	219,191	390,601

11.1 This comprises funds maintained for uncollected shareholder dividends.

12 SHARE CAPITAL

	30 June 2019		31 December 2018	
	Number	QR'000	Number	QR'000
	(Reviewed)	(Reviewed)	(Audited)	(Audited)
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QR 1 each				
(2018: QR 5 each) -note 12.1	4,227,000,000	4,227,000	845,400,000	4,227,000

12.1 In line with instructions from Qatar Financial Markets Authority (QFMA), the Company's Extraordinary General Assembly on 4 March 2019 approved a 5 for 1 share split i.e. 5 new shares with a par value of QR 1 each were exchanged for 1 old share with a par value of QR 5 each. This has led to an increase in the number of authorized, allotted, issued and fully paid up shares from 845,400,000 to 4,227,000,000. The listing of the new shares on Qatar Exchange was effective from July 04, 2019. There has been no change to the share capital of the Company as a result of the share split.

13 LEGAL RESERVE AND DISTRIBUTABLE PROFITS

As per Article 76 of amended Articles of Association of the Company, distributable profits are defined as the net profit/loss for the financial period plus amortisation of license fees for the period. The remaining balance of the distributable profits are carried forward and are available for distribution in future periods.

Further, as per the Articles of Association of the Company, 5% of annual distributable profits should be transferred to the legal reserve. The General Assembly may discontinue this deduction if the legal reserve reaches 10% of the paid up capital.

The movement in the balance of distributable profits is as follows:

	Six months ended 30 June			
	2019		2018	
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	QR'000	QR'000	QR'000	QR'000
Balance at beginning of the period		396,314		247,943
Net profit for the period	78,069		48,705	
Amortisation of license fee	42,046		42,020	
Distributable profit	120,115		90,725	
Transfer to distributable profits		120,115		90,725
Transfer to legal reserve		(6,006)		(4,536)
Dividends declared		(211,350)		-
Transfer to social and sports fund		(1,952)		-
Balance at period end		297,121		334,132

**14 PROVISIONS**

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Asset retirement obligations	71,882	69,772
Employees' end of service benefits	35,896	33,275
	107,778	103,047

15 SEGMENT INFORMATION

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

16 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.

During the six-month period ended 30 June 2018, there was a change in the ultimate ownership of the Company, as a result of which Vodafone Group Plc controlled entities were no longer related parties of the Company as of previous and current reporting date. For that reason, all amounts payable to/ receivable from Vodafone Group Plc controlled entities were reclassified as trade payables, trade receivables or other third party liabilities based on their nature.

The transactions carried out with the related parties are presented below. For the purpose of faithful representation of events and transactions during the period, transactions with Vodafone Group Plc controlled entities until the date of change in the related party status have also been included in the disclosure below:

	Six months ended 30 June	
	2019 (Reviewed) QR'000	2018 (Reviewed) QR'000
<i>Sales of goods and services:</i>		
Vodafone Group Plc controlled entities	-	10,359
Qatar Foundation controlled entities	35,878	9,945
<i>Purchases of goods and services:</i>		
Vodafone Group Plc controlled entities	-	44,908
Qatar Foundation controlled entities	11,049	13,395
<i>Profit on wakala liabilities:</i>		
Vodafone Finance Limited	-	13,704

Goods and services are bought from related parties at prices approved by management. Wakala liabilities have a profit share based on six month LIBOR plus a margin of 0.75% on the investment amount and additionally 0.5% on the total facility.

**16 RELATED PARTY TRANSACTIONS (CONTINUED)**

	30 June 2019	31 December 2018
	(Reviewed)	(Audited)
	QR'000	QR'000
<i>Receivables from related parties (Note 16.1):</i>		
Qatar Foundation controlled entities	37,485	9,443
<i>Payables to related parties (Note 16.1):</i>		
Qatar Foundation controlled entities	1,257	264

- 16.1** The amount of receivable from/ payable to Vodafone Group Plc controlled entities have been reclassified as trade receivables or trade payables based on their nature.

17 DIVIDENDS

On 11 February 2019, the Board of Directors had proposed a cash dividend of 5% of the nominal share value of QR 211.4 million (QR 0.25 per share). This was subsequently approved by the shareholders during the Annual General Assembly held on 4 March 2019.

18 COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2019	31 December 2018
	(Reviewed)	(Audited)
	QR'000	QR'000
Operating lease commitments	-	627,556
Capital commitments	645,263	39,794
Contingent liabilities	106,051	93,786