



VODAFONE QATAR P.Q.S.C.

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
31 DECEMBER 2020**

VODAFONE QATAR P.Q.S.C.



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vodafone Qatar P.Q.S.C (the "Company"), and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
<p>Accuracy of revenue recognition and controls around IT subsystems</p> <p>The Group reported revenue of QR. 2,199,624 thousand from telecommunication and related activities.</p> <p>There is an inherent risk around the accuracy of revenue recognised given the complexity of the systems and business products and services. Complex IT systems are used in processing large volume of data through a number of different systems and consequently this matter has been identified as a key audit matter.</p> <p>The following notes to the consolidated financial statements contain the relevant information related to the above discussed matters:</p> <p>Note 3 – Significant Accounting Policies Note 5 – Revenue Note 28 – Critical Accounting Judgments and Key Sources of Estimation Uncertainty</p>	<p>Our audit approach included a combination of test of controls and substantive procedures, in particular, the following:</p> <ul style="list-style-type: none">▪ Understanding the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports;▪ Understanding the control environment and testing the general IT controls over the main systems and applications involved in the revenue recording process. In doing so, we involved our IT specialists to assist in the audit of IT controls.▪ Evaluating the design and testing the operating effectiveness of automated controls in the IT environment in which the core network and related systems reside, covering pervasive IT risks around access, security, change management, data center and network operations;▪ Performing substantive audit procedures on significant revenue streams including analytical procedures, reconciliation procedures and/ or test on the accuracy of customer bills on a sample basis, as applicable;▪ Assessing the appropriateness of the Group's accounting policy and the compliance of revenue recognized therewith.▪ Assessing the overall presentation, structure and content of revenue related disclosures in notes 3, 5 and 28 to the consolidated financial statements to determine if they were in compliance with the requirements of IFRSs.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information (Continued)

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applicable provisions of Qatar Commercial Companies Law, and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

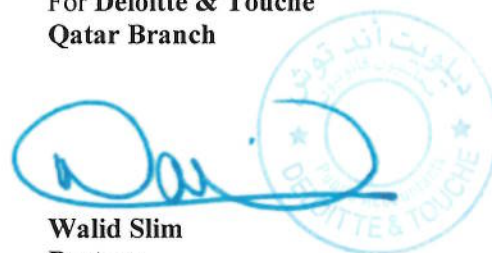
Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies Law, we report the following:

- We are of the opinion that proper books of account were maintained by the Group, physical inventory verification has been duly carried out and the contents of the director's report are in agreement with the Group's financial statements.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Associations were committed during the year which would materially affect the Group's consolidated financial position or its consolidated financial performance.

Doha – Qatar
February 2, 2021

For Deloitte & Touche
Qatar Branch



Walid Slim
Partner
License No. 319
QFMA Auditor License No. 120156



CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2020

	Notes	Year ended 31 December	
		2020 QR'000	2019 QR'000
Revenue	5	2,199,624	2,124,513
Interconnection and other direct expenses	6	(759,363)	(804,604)
Network, rentals and other operational expenses	7	(403,951)	(383,742)
Employee salaries and benefits		(228,298)	(227,189)
Depreciation of property, plant and equipment	12	(261,531)	(227,194)
Amortisation of intangible assets	13	(178,375)	(175,764)
Depreciation of right-of-use assets	18	(98,965)	(85,487)
Industry fee	10	(21,054)	(18,086)
Operating profit		248,087	202,447
Finance costs	22	(39,609)	(33,719)
Other financing costs	8	(25,063)	(28,708)
Other income	9	1,676	3,655
Profit for the year		185,091	143,675
Basic and diluted earnings per share (in QR per share)	11	0.044	0.034



This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Profit for the year	185,091	143,675
Other comprehensive income	-	-
Total comprehensive income for the year	185,091	143,675

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

VODAFONE QATAR P.Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

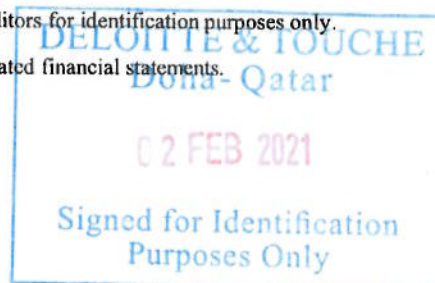
	Notes	31 December 2020 QR'000	31 December 2019 QR'000
Non-current assets			
Property, plant and equipment	12	1,646,698	1,483,774
Intangible assets	13	4,279,612	4,471,288
Right-of-use assets	18	371,621	358,339
Trade and other receivables	14	29,720	36,641
Total non-current assets		6,327,651	6,350,042
Current assets			
Inventories	17	21,848	38,001
Contract assets	15	22,003	34,859
Contract costs	16	3,023	5,012
Trade and other receivables	14	280,064	366,957
Cash and bank balances	19	174,854	303,198
Total current assets		501,792	748,027
Total assets		6,829,443	7,098,069
Equity			
Share capital	20	4,227,000	4,227,000
Legal reserve	21	76,334	62,881
Retained earnings		185,257	229,592
Total equity		4,488,591	4,519,473
Non-current liabilities			
Loans and borrowings	22	615,000	820,000
Provisions	23	72,092	122,111
Lease liabilities	18	282,704	253,288
Trade and other payables	24	84,535	107,074
Total non-current liabilities		1,054,331	1,302,473
Current liabilities			
Loans and borrowings	22	205,000	-
Lease liabilities	18	112,727	120,837
Trade and other payables	24	968,794	1,155,286
Total current liabilities		1,286,521	1,276,123
Total liabilities		2,340,852	2,578,596
Total equity and liabilities		6,829,443	7,098,069

These consolidated financial statements were approved by the Board of Directors on 02 February 2021 and were signed on its behalf by:

Abdulla Bin Nasser Al Misnad
Chairman

Rashid Fahad Al-Naimi
Managing Director

This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.
The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.





VODAFONE QATAR P.Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital	Legal reserve	Retained earnings		Total equity
	QR'000	QR'000	Distributable profits	Accumulated losses	QR'000
Balance as at 1 January 2019	4,227,000	51,493	396,314	(84,067)	4,590,740
Profit for the year	-	-	-	143,675	143,675
Total comprehensive income for the year	-	-	-	143,675	143,675
Transfer to distributable profits (note 21)	-	-	227,768	(227,768)	-
Transfer to legal reserve (note 21)	-	11,388	(11,388)	-	(11,388)
Dividend for the year ended 31 December 2018	-	-	(211,350)	-	(211,350)
Transfer to social and sports fund (note 21.1)	-	-	(3,592)	-	(3,592)
Balance as at 31 December 2019	4,227,000	62,881	397,752	(168,160)	4,519,473
Balance as at 1 January 2020	4,227,000	62,881	397,752	(168,160)	4,519,473
Profit for the year	-	-	-	185,091	185,091
Total comprehensive income for the year	-	-	-	185,091	185,091
Transfer to distributable profits (note 21)	-	-	269,066	(269,066)	-
Transfer to legal reserve (note 21)	-	13,453	(13,453)	-	(13,453)
Dividend for the year ended 31 December 2019 (note 30)	-	-	(211,350)	-	(211,350)
Transfer to social and sports fund (note 21.1)	-	-	(4,623)	-	(4,623)
Balance as at 31 December 2020	4,227,000	76,334	437,392	(252,135)	4,488,591

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	Year ended 31 December	
		2020	2019
		QR'000	QR'000
Cash flows from operating activities			
Net profit for the year		185,091	143,675
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	12	261,531	227,194
Amortisation of intangible assets	13	178,375	175,764
Depreciation of right-of-use assets	18	98,965	85,487
Other income		(1,676)	(3,655)
Other financing costs		25,063	28,708
Finance costs		39,609	33,719
<i>Change in operating assets and liabilities</i>			
Decrease / (increase) in inventories		16,153	(2,712)
Decrease / (increase) in trade and other receivables		93,814	(119,978)
Decrease / (increase) in contract assets		12,856	(8,199)
Decrease / (increase) in contract costs		1,989	(591)
(Decrease) / increase in trade and other payables		(204,759)	185,447
Increase in provisions		7,240	7,273
Cash generated from operations		714,251	752,132
Finance costs paid		(42,440)	(28,417)
Net cash flows from operating activities		671,811	723,715
Cash flows used in investing activities			
Purchase of property, plant and equipment	19.3	(456,223)	(406,714)
Purchase of intangible assets	19.4	(34,091)	(138,876)
Movement in restricted bank accounts	19.1	(6,918)	(5,813)
Other income received		488	3,655
Net cash flows used in investing activities		(496,744)	(547,748)
Cash flows used in financing activities			
Payment of lease liabilities	18	(105,897)	(74,218)
Proceeds from loans and borrowings	22	200,000	820,000
Repayment of loans and borrowings	22	(200,000)	-
Repayment of wakala contract		-	(820,105)
Dividend paid	24.1	(204,432)	(205,537)
Net cash flows used in financing activities		(310,329)	(279,860)
Net decrease in cash and cash equivalents		(135,262)	(103,893)
Cash and cash equivalents at the beginning of the year		286,708	390,601
Cash and cash equivalents at the end of the year	19	151,446	286,708

The accompanying notes 1 to 31 form an integral part of these consolidated 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 Qatar Commercial Companies Law. 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.

The Company is licensed by the Ministry of Transport and Communications 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 regulations.

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.

As at the reporting date, the Company has the following subsidiaries, which together with the Company constitutes the “Group”:

Subsidiary companies	Location	Nature of business	Holding
Infinity Solutions LLC	Qatar	Operational and administrative services	100%
Infinity Payment Solutions LLC	Qatar	Fintech and digital innovation services	100%

The newly formed subsidiary, Infinity Payment Solutions LLC, is yet to commence its commercial operations as of the reporting date.

2 BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), applicable provisions of Qatar Commercial Company Law and the Company’s Articles of Association.

Accounting convention

These consolidated financial statements are prepared on a historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals, which is the Group’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 consolidated 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 consolidated financial statements and reported amounts of revenue and expenses during the reporting year. For a discussion on the Group’s critical accounting estimates see “Critical accounting judgments and key sources of estimation uncertainty” under note 28. 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.



3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities:

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its Subsidiaries together constituting "the Group".

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

If the subsidiary is not fully owned, non-controlling interests in the results and equity of the subsidiary are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interest

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Revenue recognition

The Group recognises 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 is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group sells equipment/accessories both to the wholesale market and directly to customers through its own retail outlets. Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

For sale of equipment to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of equipment to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the equipment.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Under the Group's standard contract terms, customers have a right of return within 7 days. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of immaterial returns over previous years.

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 data services and information provision is recognised when the Group 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 Group as commission for facilitating the service. Revenue from interconnect fees is recognised at the time the services are performed.

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 consolidated 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 Group to connect new customers, upgrade existing customers, and distribute recharge cards. These cash incentives are recognised in consolidated statement of income on an accrual basis. Commission related to the acquisition of new customers is capitalised and amortised over the contract period.

Regulatory costs

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

Leases

The Group 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.

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for certain short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the consolidated statement of income.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

COVID-19-Related Rent Concessions

The Group has adopted 'Amendment to IFRS 16 Amendments to Rent Concessions', under which any rent waivers arising as a result of COVID-19 are not assessed as lease modifications subject to certain conditions.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at the currency rate prevailing at the date of the transaction. Any differences on settlement of the transaction are immediately recognised in the consolidated 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 reporting period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Borrowing costs

The borrowing 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 consolidated statement of income during the year in which they arise.

Income tax

As per Income Tax Law No. 24 of 2018, 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 Group. As per the provisions of the law, the Group is not subject to corporate income tax as it is listed on the Qatar Stock Exchange.

Property, plant and equipment

Recognition and measurement

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

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable for bringing the assets to a working condition for their intended use, capitalised borrowing costs and estimated discounted costs for dismantling and restoration of the sites, where the Group 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	Lease term
Network infrastructure	3 - 25 years
Other equipment	1 - 5 years
Furniture and fixtures	5 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 consolidated statement of income.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured. Intangible assets include license fees, software and indefeasible rights of use ("IRU"). Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortization and impairment loss, if any.

License

License is 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 consolidated 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 60 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 intangible asset when the Group 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 based on the contractual period/term.

Other 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 consolidated statement of income on a straight line basis (3 to 5 years).

Capital work in progress

Capital work-in-progress is transferred to the related property, plant and equipment or intangible assets when the construction or installation and related activities necessary to prepare the property, plant and equipment or intangible assets for their intended use have been completed, and related assets are ready for operational use.

Impairment of assets

Property, plant and equipment and finite lived intangible assets

At the end of each reporting period, the Group 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. Recoverable amount is the higher of value in use and fair value less cost of disposal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group 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 consolidated 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 consolidated statement of income.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Group 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 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where required to 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.

Financial Instruments

Non-derivative financial instruments

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Financial assets recognised by the Group include:

Trade receivables and contract assets

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, historical experience or when the counterparty has been placed under liquidation or entered into bankruptcy proceedings. Individual trade receivables are provided as per Expected Credit Loss ("ECL") policy and written off when management deems them not to be collectible based on above mentioned criteria.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial assets (Continued)***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 Group under the terms of Sharia principles. The profit from such deposits is accrued in the consolidated 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 Group 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 Group 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.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables, contract assets and lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses for trade receivables, contract assets and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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 Group'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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial liabilities (Continued)***Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group's financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the same is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss.

Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. Foreign exchange gains and losses on financial liabilities that are not part of a designated hedging relationship are recognised in consolidated statement of income. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Financial liabilities recognised by the Group include:

Trade payables

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

Term Finance Loan

Term Finance Loan is recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, term finance loan is measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability. Gains or losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred except those eligible for capitalisation.

Equity instruments

Ordinary shares issued by the Group 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 consolidated statement of income.

Derivative financial instruments

The Group 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.

Dividend on ordinary share capital

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



VODAFONE QATAR P.Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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. For the Group, the functions of the CODM are performed by the Board of Directors.

The Group only operates in the State of Qatar and is therefore viewed to operate in one geographical area. The operating segments that are regularly reported to the CODM are Consumer and Enterprise & others. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. Set out below is the information regarding Group's operating segments in accordance with IFRS 8 Operating Segments:

	Year ended 31 December		
	2020		2019
	Consumer	Enterprise & others	Total
			QR'000
Segment revenue			
Timing of revenue recognition:			
Over time	1,375,407	651,171	2,026,578
Point in time	-	173,046	173,046
	1,375,407	824,217	2,199,624
Unallocated costs			
Interconnection and other direct expenses		(759,363)	(804,604)
Employee salaries and benefits		(228,298)	(227,189)
Network, rentals and other operational expenses		(403,951)	(383,742)
Depreciation and amortisation expenses		(538,871)	(488,445)
Industry fee		(21,054)	(18,086)
Operating profit		248,087	202,447
Finance costs		(39,609)	(33,719)
Other financing costs		(25,063)	(28,708)
Other income		1,676	3,655
Profit for the year		185,091	143,675


5 REVENUE

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Revenue from pre-paid mobile services	563,486	656,171
Revenue from post-paid mobile services	1,066,898	1,021,077
Sale of equipment (mobile/network) and accessories	178,673	175,661
Other revenue	390,567	271,604
	<u>2,199,624</u>	<u>2,124,513</u>

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines:

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Disaggregation of revenue – over time		
Pre-paid and post-paid services	1,630,384	1,677,248
Sale of equipment (mobile/network) and accessories	5,627	30,517
Other services	390,567	271,604
	<u>2,026,578</u>	<u>1,979,369</u>
Disaggregation of revenue – at a point in time		
Sale of equipment (mobile/network) and accessories	173,046	145,144
	<u>173,046</u>	<u>145,144</u>
Total revenue	<u>2,199,624</u>	<u>2,124,513</u>

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2020 amounted to QR 90.40 million (2019: QR 91.64 million).

Management expects 100% of the transaction price allocated to the unsatisfied contracts as of the year ended 31 December 2020 will be recognised as revenue during the next reporting period.


6 INTERCONNECTION AND OTHER DIRECT EXPENSES

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Interconnection and roaming costs	347,587	391,638
Equipment and other direct costs	200,092	206,010
Commissions and dealer costs	124,134	131,353
Regulatory costs	52,320	37,452
Provision for expected credit losses	35,230	38,151
	759,363	804,604

Provision for expected credit losses is net of collections from previously written off balances of QR 5.42 million (2019: QR 4.39 million).

7 NETWORK, RENTALS AND OTHER OPERATIONAL EXPENSES

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Operating lease rentals	31,254	53,578
Network and other operational expenses	372,697	330,164
	403,951	383,742

8 OTHER FINANCING COSTS

Other financing costs include unwinding of discounted portion of asset retirement obligations (note 23.1) amounting to QR 1 million (2019: QR 11.92 million), interest expense on lease liabilities amounting to QR 16.14 million (2019: QR 15.01 million) (note 18) and certain other ancillary costs.

9 OTHER INCOME

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Profit from mudaraba	488	3,655
Lease rent concessions (note 9.1)	1,188	-
	1,676	3,655

9.1 This pertains to certain lease payment waivers received by the Group which have been recognised as income as per Covid-19-Related Rent Concessions Amendment to IFRS 16.

10 INDUSTRY FEE

In accordance with its operating licenses for Public Telecommunications Networks and Services granted in Qatar by 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.

11 BASIC AND DILUTED EARNINGS PER SHARE

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Profit for the year (QR '000)	185,091	143,675
Weighted average number of shares (in thousands)	4,227,000	4,227,000
Basic and diluted earnings per share (QR)	0.044	0.034

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


12 PROPERTY, PLANT AND EQUIPMENT

	Network and equipment	Furniture and fixtures	Vehicles	Total
	QR'000	QR'000	QR'000	QR'000
Cost:				
At 1 January 2019	2,530,991	228,344	-	2,759,335
Additions	412,584	5,921	-	418,505
At 31 December 2019	2,943,575	234,265	-	3,177,840
Additions (note 12.1)	386,074	12,500	390	398,964
Transfers (note 12.2)	26,575	(1,084)	-	25,491
At 31 December 2020	3,356,224	245,681	390	3,602,295
Accumulated depreciation:				
At 1 January 2019	1,281,630	185,242	-	1,466,872
Charge for the year	210,768	16,426	-	227,194
At 31 December 2019	1,492,398	201,668	-	1,694,066
Charge for the year	247,647	13,825	59	261,531
At 31 December 2020	1,740,045	215,493	59	1,955,597
Net book value:				
At 31 December 2020	1,616,179	30,188	331	1,646,698
At 31 December 2019	1,451,177	32,597	-	1,483,774

- 12.1** The additions to Property Plant and Equipment (PPE) for the year are net of reversal of assets relating to asset retirement obligation amounting to QR 57.26 million as detailed in note 23.1.
- 12.2** During the year, based on a review of the Asset Under Construction (AUC) that were ready for capitalization, the Group transferred certain assets from Intangible Assets to PPE in line with the nature and use of those assets. These are shown as Transfers between Intangible Assets and PPE.
- 12.3** The net book value of PPE includes the following:
- i. Assets related to asset retirement obligation amounting to QR 9.66 million (2019: QR 49.84 million).
 - ii. AUC amounting to QR 230.52 million (2019: QR 139.27 million), which are not depreciated.

**13 INTANGIBLE ASSETS**

	License	Software	Indefeasible right to use	Total
	QR'000	QR'000	QR'000	QR'000
Cost:				
At 1 January 2019	7,726,000	1,048,920	61,533	8,836,453
Additions	-	218,562	-	218,562
At 31 December 2019	7,726,000	1,267,482	61,533	9,055,015
Additions	-	12,190	-	12,190
Transfers (note 12.2)	-	(25,491)	-	(25,491)
At 31 December 2020	7,726,000	1,254,181	61,533	9,041,714
Accumulated amortisation:				
At 1 January 2019	3,576,637	826,614	4,712	4,407,963
Charge for the period	84,093	85,766	5,905	175,764
At 31 December 2019	3,660,730	912,380	10,617	4,583,727
Charge for the period	84,127	88,316	5,932	178,375
At 31 December 2020	3,744,857	1,000,696	16,549	4,762,102
Net book value:				
At 31 December 2020	3,981,143	253,485	44,984	4,279,612
At 31 December 2019	4,065,270	355,102	50,916	4,471,288

13.1 The net book value of software includes software under development amounting to QR 20.31 million (2019: QR 129.54 million) which is not amortised.

14 TRADE AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
	QR'000	QR'000
Non-current assets:		
Prepayments	29,720	36,641
Current assets:		
Trade and other receivables – net	244,843	305,922
Prepayments	28,805	54,312
Due from related parties (note 25)	6,416	6,723
	280,064	366,957

Trade and other receivables are net of the ECL provision amounting to QR 149.84 million (2019: QR 109.19 million).


14 TRADE AND OTHER RECEIVABLES (CONTINUED)

No interest is charged on outstanding trade receivables. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all non-government receivables over 180 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- development of ECL models, including the various formulas and choice of inputs
- determining the criteria if there has been a significant increase in credit risk, therefore allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- the segmentation of financial assets when their ECL is assessed on a collective basis; and
- determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs)
- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

31 December 2020	Up to 30	31 – 60	61– 90	91–180	Above	Total
	days	days	days	days	180 days	
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	3%–8%	12%–40%	20%–61%	30%–84%	100%	
Gross carrying amount	175,582	21,585	18,526	28,363	150,623	394,679
Loss allowance						149,836
31 December 2019						
	Up to 30	31 – 60	61– 90	91–180	Above	Total
	days	days	days	days	180 days	
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	3%–8%	12%–40%	20%–60%	29%–84%	100%	
Gross carrying amount	209,826	30,550	16,496	42,360	115,878	415,110
Loss allowance						109,188

There is no loss allowance provided against bank balances, contract asset and due from related parties as there is no material expected credit loss risk associated with these financial assets.


14 TRADE AND OTHER RECEIVABLES (CONTINUED)
Measurement of the expected credit loss allowance (Continued)

The following table shows the movement in expected credit losses that has been recognised for trade and other receivables:

	31 December 2020	31 December 2019
	QR'000	QR'000
Balance at beginning of the year	109,188	66,646
Expected credit loss allowance recognised during the year	40,648	42,542
Balance at end of the year	149,836	109,188

15 CONTRACT ASSETS

Amounts relating to contract assets are balances earned but not yet billed to the customers. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for telecommunication services is not due from the customer until the bill cycle is complete and therefore a contract asset is recognised over the period in which the telecommunication services are performed to represent the Group's right to consideration for the services transferred to date.

There were no impairment losses recognised on any contract asset in the reporting period (2019: QR Nil). The management of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects.

16 CONTRACT COSTS

This represents customer acquisition cost incurred by the Group. The amount is classified as a current asset and amortised over the customers' lock in period.

17 INVENTORIES

	31 December 2020	31 December 2019
	QR'000	QR'000
Handsets	15,401	36,405
Scratch cards and accessories	6,447	1,596
	21,848	38,001

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

	31 December 2020	31 December 2019
	QR'000	QR'000
Balance at beginning of the year	4,074	2,794
Amounts charged to consolidated statement of income	749	1,280
Amounts written off during the year	(883)	-
Balance at end of the year	3,940	4,074



18 LEASES AND RIGHT-OF-USE ASSETS

The Group leases various offices, cell sites, warehouses, ducts, retail stores and equipment. Rental contracts are typically for fixed periods of 5-10 years but may have extension options.

Below is the movement in right-of-use assets:

	31 December 2020	31 December 2019
	QR'000	QR'000
Balance at beginning of the year	358,339	412,149
New leases added during the year	112,247	31,677
Depreciation expense on right-of-use of assets	(98,965)	(85,487)
Balance at end of the year	<u>371,621</u>	<u>358,339</u>

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

	31 December 2020	31 December 2019
	QR'000	QR'000
Exchange and network assets	229,903	296,800
Buildings/ offices	116,665	32,437
Duct access	25,053	29,102
Total right-of-use assets	<u>371,621</u>	<u>358,339</u>

Below is the movement in lease liabilities:

	31 December 2020	31 December 2019
	QR'000	QR'000
Balance at beginning of the year	374,125	401,655
New leases added during the year	112,247	31,677
Interest expense for the year	16,144	15,011
Rent waivers received during the year – note 9.1	(1,188)	-
Payments made during the year	(105,897)	(74,218)
Balance at end of the year	<u>395,431</u>	<u>374,125</u>

Presented in consolidated statement of financial position as:

	31 December 2020	31 December 2019
	QR'000	QR'000
Current lease liabilities	112,727	120,837
Non-current lease liabilities	282,704	253,288
	<u>395,431</u>	<u>374,125</u>

19 CASH AND BANK BALANCES

Cash and bank balances at the end of the financial period as shown in the consolidated statement of cash flows are as follows:

	31 December 2020	31 December 2019
	QR'000	QR'000
Mudaraba deposits	54,700	50,000
Cash at bank	120,062	253,098
Cash on hand	92	100
Total cash and bank balances	174,854	303,198
Less: Balance with restricted bank accounts – note 19.1	(23,408)	(16,490)
Cash and cash equivalents	<u>151,446</u>	<u>286,708</u>

19.1 This comprises funds maintained for uncollected shareholder dividends as per note 24.1.

19.2 There were no impairment losses recognised on cash and bank balances in the reporting period (2019: QR Nil).


19 CASH AND BANK BALANCES (CONTINUED)

19.3 Purchase of PPE amounting to QR. 456.22 million, as disclosed in the consolidated statement of cash flows, includes non-cash adjustments of QR 57.26 million related to reversal of asset retirement obligation.

19.4 Purchase of Intangible Assets amounting to QR 34.09 million, as disclosed in consolidated statement of cash flows, includes a payment of QR 21.90 million for assets capitalized in prior years but paid during current year.

20 SHARE CAPITAL

	31 December 2020		31 December 2019	
	Number	QR'000	Number	QR'000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QR 1 each	<u>4,227,000,000</u>	<u>4,227,000</u>	<u>4,227,000,000</u>	<u>4,227,000</u>

21 LEGAL RESERVE AND DISTRIBUTABLE PROFITS

The Company was incorporated under Article 68 of the Qatar Commercial Companies' Law No. 5 of 2002. This law was subsequently replaced by Qatar Commercial Companies Law No.11 of 2015.

The Articles of Association of the Company were amended after the introduction of Qatar Commercial Companies Law No.11 of 2015 and subsequently approved by the Ministry of Economy and Commerce.

The legal reserve and distributable profits of the Company are determined in line with its Article of Association.

Legal reserve:

The excess of issuance fees collected over the issuance cost during the initial public offering of the ordinary shares has been transferred to the legal reserve as required by Article 154 of Qatar Commercial Companies Law No. 5 of 2002. Further, as per the Articles of Association of the Company, 5% of annual distributable profits of the Company 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 the Articles of Association of the Company, distributable profits are defined as the reported net profit/loss of the Company for the financial year plus amortisation of license fees for the year. Undistributed profits are carried forward and are available for distribution in future periods.

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

	Year ended 31 December 2020		Year ended 31 December 2019	
	QR'000	QR'000	QR'000	QR'000
Balance at beginning of the year		397,752		396,314
Net profit of the Company	184,939		143,675	
Amortisation of license fee	<u>84,127</u>		<u>84,093</u>	
Transfer to distributable profits		269,066		227,768
Transfer to legal reserve		(13,453)		(11,388)
Dividend for the year		(211,350)		(211,350)
Transfer to social and sports fund (note 21.1)		<u>(4,623)</u>		<u>(3,592)</u>
Balance at year end		<u>437,392</u>		<u>397,752</u>

21.1 Social and sports fund

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the Group is required to contribute 2.5% of annual net profits of the Company to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income in the consolidated statement of changes in equity


22 LOANS AND BORROWINGS

	31 December 2020	31 December 2019
	QR'000	QR'000
Loans and borrowings	820,000	820,000
Presented in the consolidated statement of financial position as:		
Non-current liabilities	615,000	820,000
Current liabilities	205,000	-
	820,000	820,000

The Group entered into a Facility Agreement with a local bank for QR 820 million on 29 October 2019 (the "Facility") at an agreed interest rate of QMRL less 25 Basis Points (BPs). The facility of QR 820 million was availed on 12 November 2019 for a term of five years. The facility is repayable in 16 equal quarterly installments of QR 51.25 million each starting February 2021. The facility is secured against general assignment agreement. Interest of QR 36.15 million (2019: QR 5.30 million) was incurred during the year on the facility.

The Group also secured a financing facility of QR 911 million on 27 May 2018 from a local bank. Amounts of QR 200 million were availed and fully repaid during the current year. As of reporting date, no amount was outstanding against this financing facility. Interest of QR 3.46 million (2019: QR nil) was incurred during the year on this financing facility.

23 PROVISIONS

	31 December 2020	31 December 2019
	QR'000	QR'000
Asset retirement obligations (note 23.1)	29,639	85,894
Employees' end of service benefits (note 23.2)	42,453	36,217
	72,092	122,111

23.1 Asset retirement obligations

In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with decommissioning. The associated cash outflows are substantially expected to occur at the dates of exit of the assets to which they relate, which are long term in nature.

During the year, the Group revised its estimates used in the calculation of the provision for asset retirement obligations. The change in accounting estimate for asset retirement obligation has resulted in a) reversal of provision for asset retirement obligation by QR 57.26 million with a corresponding decrease in the related asset in Property, Plant and Equipment; and b) increase in the net profit for the year by QR 10.23 million (refer note 28).

23.2 Employees' end of service benefits

	31 December 2020	31 December 2019
	QR'000	QR'000
Balance at beginning of the year	36,217	33,275
Charge for the year	11,759	9,445
Payments during the year	(5,523)	(6,503)
Balance at year end	42,453	36,217

**24 TRADE AND OTHER PAYABLES**

	31 December 2020	31 December 2019
	QR'000	QR'000
Non-current liabilities:		
Trade payables	84,535	107,074
Current liabilities:		
Trade payables	423,526	703,693
Accruals	395,670	310,199
Deferred income	90,403	86,327
Contract liabilities	306	156
Other payables	28,387	34,829
Accrued interest	2,471	-
Dividend payable (note 24.1)	23,408	16,490
Payable to social and sports fund (note 21.1)	4,623	3,592
	968,794	1,155,286

24.1 Dividend payable

	31 December 2020	31 December 2019
	QR'000	QR'000
Balance at beginning of the year	16,490	10,677
Dividend for the year ended 31 December 2019/ 2018 (note 30)	211,350	211,350
Dividend payments during the year	(204,432)	(205,537)
Balance at year end	23,408	16,490

25 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group and companies controlled, jointly controlled or significantly influenced by those parties.

The following transactions were carried out with related parties:

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
<i>Sales of goods and services</i>		
Qatar Foundation controlled entities	24,622	45,944
<i>Purchases of goods and services</i>		
Qatar Foundation controlled entities	28,014	22,388

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

	31 December 2020	31 December 2019
	QR'000	QR'000
<i>Receivables from related parties:</i>		
Qatar Foundation controlled entities	6,416	6,723
<i>Payables to related parties:</i>		
Qatar Foundation controlled entities	4,261	6,870


25 RELATED PARTY TRANSACTIONS (CONTINUED)

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 period (2019: Nil). The payables to related parties arise mainly from purchase transactions and bear no interest.

Compensation of key management personnel

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

	Year ended 31 December	
	2020	2019
	QR'000	QR'000
Salaries and short-term benefits	32,758	28,993
Employees' end of service benefits	706	649
	33,464	29,642

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
Capital management

The following table summarises the capital structure of the Group:

	31 December	31 December
	2020	2019
	QR'000	QR'000
Loans and borrowings	820,000	820,000
Cash and bank balances	(174,854)	(303,198)
Net debt	645,146	516,802
Total equity	4,488,591	4,519,473
Gearing ratio	14.37%	11.44%

The Group 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.

Financial instruments
Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in note 3 to these consolidated financial statements.

Categories of financial instruments

	31 December	31 December
	2020	2019
	QR'000	QR'000
Financial assets at amortised cost:		
Cash and bank balances	174,854	303,198
Contract assets	22,003	34,859
Trade and other receivables (excluding prepayments)	251,259	312,645
Financial liabilities at amortised cost:		
Trade and other payables (excluding accruals and deferred income)	567,256	865,834
Loans and borrowings	820,000	820,000


26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar 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)

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values due to the short maturity period.

Reconciliation of liabilities arising from financing activities

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	At 1 January 2020	Financing cash flows	Non cash changes*	At 31 December 2020
	QR'000	QR'000	QR'000	QR'000
Loans and borrowings	820,000	(42,440)	42,440	820,000
Lease liabilities	374,125	(105,897)	127,203	395,431
Dividend payable	16,490	(204,432)	211,350	23,408
	At 1 January 2019	Financing cash flows	Non cash changes*	At 31 December 2019
	QR'000	QR'000	QR'000	QR'000
Loans and borrowings	820,105	28,522	(28,627)	820,000
Lease liabilities	-	(74,218)	448,343	374,125
Dividend payable	10,677	(205,537)	211,350	16,490

* This comprise finance cost, lease liability recognized and dividend declared.

Financial Risk Management
Foreign currency risk management

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


26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
Financial Risk Management (Continued)
Foreign currency risk management (Continued)

Majority of foreign currency receivable/payable balances are in US\$ which is pegged against QR. Therefore, these receivable/payable balances are not exposed to foreign currency exchange rate fluctuation risk. The Group has an insignificant exposure of receivable/payable balances in Euro and other currencies where effect of any 10% increase/decrease in foreign exchange rates is expected to be equal and opposite to QR 2.75 million (2019 QR 0.80 million).

Interest rate risk management

The Group is liable to pay interest on Term Finance Loan facility, which is aggregate of the applicable margin and QMR-L. Every one percent rise or fall in QMR-L would increase or reduce the total profit of the Group for the financial year by QR 7.61 million (2019: QR 1.12 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 Group. The Group'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.

Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Movement in provision for expected credit losses account is presented in note 14. The following table presents ageing of trade receivables (gross):

	31 December 2020	31 December 2019
	QR'000	QR'000
0 – 30 days	175,582	209,826
31 – 60 days	21,585	30,550
61 – 90 days	18,526	16,496
91 – 180 days	28,363	42,360
Over 180 days	150,623	115,878
	394,679	415,110

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 December 2020	31 December 2019
	QR'000	QR'000
Cash and bank balances	174,854	303,198
Trade and other receivables (excluding prepayments)	251,259	312,645
	426,113	615,843


26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

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

The table below analyses the Group'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 December 2020	Less than 1 year QR'000	More than 1 year QR'000
Trade and other payables excluding deferred income	878,391	84,535
Loans and borrowings	205,000	615,000
	Less than 1 Year QR'000	More than 1 year QR'000
At 31 December 2019		
Trade and other payables excluding deferred income	1,068,959	107,074
Loans and borrowings	-	820,000

All of the Group's non-derivative financial assets are expected to mature within one year.

27 COMMITMENTS AND CONTINGENT LIABILITIES
Commitments

	31 December 2020 QR'000	31 December 2019 QR'000
Contracts placed for future capital expenditure not provided for in the consolidated financial statements	429,824	749,384

Contingent liabilities

	31 December 2020 QR'000	31 December 2019 QR'000
Performance bonds	31,441	34,815
Tender bonds	48,956	1,860
Credit and payment guarantees – third party indebtedness	47,516	53,673

Performance bonds

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

Tender bonds

This comprise bonds submitted at the time of submission of tenders.


27 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)
Contingent liabilities (Continued)
Credit and payment guarantees – third party indebtedness

Credit guarantees comprise guarantees and indemnity of bank or other facilities.

Operating leases commitments

Short term operating commitments amounted to QR 1.15 million as of 31 December 2020 (2019: QR 1.28 million) that are expected to be settled within 12 months period.

28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

In determining and applying accounting policies, judgment 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 Group 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 Group's disclosure of significant IFRS accounting policies, which is provided in note 3 to the consolidated financial statements.

The impact of COVID -19 on estimates has been disclosed in Note 31.

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 judgment, 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 financing income/costs, tax, depreciation and amortisation, 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 Group has considered all the internal and external indicators to assess whether there are any indicators of impairment during the year. Based on assessment performed, the Group concluded that there have been no events or change in circumstances which indicates that carrying amounts of assets may not be recoverable. Hence, no impairment testing is performed.

**28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Revenue recognition**

Acquisition revenue is amortized over maximum lock in period of the customer which is three months in the State of Qatar.

The Group give its customers the option to return the handsets within a period of 7 days of purchase. Keeping in view the negligible numbers of returns in the history, no provision is made with regard to return of goods sold.

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 Group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the Group'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 Group'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 Group assumes credit risk and acts as a principal in the transactions.

Estimation of useful life

The useful life used to depreciate/amortise 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 tangible and intangible assets is as follows:

Intangible assets

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 Group will receive economic benefit. For technology specific licences with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the licence. The economic lives are periodically reviewed taking into consideration such factors as changes in technology.

The management determines the estimated useful lives of its other intangible assets for calculating amortisation. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the asset.

Property, plant and equipment

Property, plant and equipment represents a significant proportion of the asset base of the Group being 24% (2019: 21%) of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group'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 consolidated statement of income.

The useful lives and residual values of the Group'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.

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.

**28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Asset retirement obligation**

A provision for asset retirement obligation exists where the Group has a legal or constructive obligation to remove an infrastructure asset and restore the site. Asset retirement obligation is recorded at the present value of expected costs to settle the obligation using estimated cash flows and is recognised as part of the particular asset. The cash flows are discounted at the rate that management considers reflects the risk specific to the asset retirement obligation i.e. 7.49% (2019: 6.22%).

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

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

Change in accounting estimate of Asset retirement obligation

During the year, the Group revised its estimates used in the calculation of the provision for asset retirement obligations and, as a result, recorded a reversal in the provision for asset retirement obligation by QR 57.26 million with a corresponding decrease in the related asset in Property, Plant and Equipment.

The change in accounting estimate in the provision for asset retirement obligation has resulted in an increase in the net profit for the year by QR 10.23 million. The change in accounting estimate will also result in a reduction in the unwinding of interest charge as well as in the periodic depreciation charge on related asset in Property Plant and Equipment in future periods, for which it is impracticable to estimate the exact impact.

Expected credit losses

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.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on trade receivables between 61 and 90 days past due had been 5% higher (or lower) as of 31 December 2020, the loss allowance on trade receivables would have been QR 0.19 million (2019: QR 0.19 million) higher (or lower).

If the ECL rates on trade receivables between 31 and 60 days past due had been 5% higher (or lower) as of 31 December 2020, the loss allowance on trade receivables would have been QR 0.17 million (2019: QR 0.17 million) higher (or lower).


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

Discounting of lease payments

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

29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)
New and amended IFRS that are effective for the current year
Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020).

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures.

The Group has benefited from waiver of lease payment amounting to QR 1.19 million during the year which has been accounted as a part of other income in the consolidated statement of income for the year. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments.



29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and amended IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

- Amendments to IFRS 3 - Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

- Amendments to IFRS 7 and IFRS 9 - Impact of the initial application of Interest Rate Benchmark Reforms

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

- Amendments to IAS 1, IAS 8 - Amendments regarding the definition of material

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.



29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2022

- Amendments regarding IAS 16 Property, Plant and Equipment - Proceeds before intended use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of that earliest period presented.

- Annual improvement 2018-2020 Cycle

The Annual improvements include amendments to below four Standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IAS 41 Agriculture

- Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.


29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)
New and revised IFRSs in issue but not yet effective and not early adopted (Continued)

Effective for annual periods beginning on or after 1 January 2023

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholder' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

Amendments with effective date yet to be set by IASB

- Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's statement of income only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's statement of income only to the extent of the unrelated investors' interests in the new associate or joint venture.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.



30 DIVIDENDS

Dividends paid for year 2019

On 3 February 2020, the Board of Directors had proposed a cash dividend of 5% of the nominal share value of QR 211.4 million (QR 0.05 per share with nominal value of QR 1 each). This was subsequently approved by the shareholders during the Annual General Assembly held on 24 February 2020.

Proposed dividend for year 2020

The Board of Directors has proposed a cash dividend of 5% of the nominal share value amounting to QR 211.4 million (QR 0.05 per share with nominal value of QR 1 each). The proposed dividend is subject to approval of the shareholders during the Annual General Assembly on 24 February 2021.

31 IMPACT OF COVID-19

Business outlook remain affected by risks and uncertainties caused by a multitude of factors, some of which were beyond the Group's control. In this context, the Group highlights the health emergency due to the recent spread of the Covid-19 virus, which was declared a pandemic by the World Health Organization during March 2020.

To contain the adverse implications for humanity and businesses, governments around the world, including the State of Qatar, had in response to this outbreak, announced various support measures as well as imposed, to varying degrees, restrictions on the movement of people and goods. Whilst the restriction of people and goods adversely impacted some businesses, The Government of State of Qatar (the Government) has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns in the State of Qatar and has adopted phased approach towards normalisation.

The Group has a documented business continuity plan that has been activated to ensure the safe and stable continuation of its business operations. Business Continuity Planning Committees have been formed to determine and oversee the implementation of all business continuity plans associated with the effects of Covid-19, which include measures to address and mitigate any identified key operational and financial issues. The effects of Covid-19 on humanity and businesses continues to evolve, hence there are significant risks and uncertainties associated with its future impact on businesses, though the Group continues to update its plans to seek to respond to them.

The Group performed its assessment of the Covid-19 impact and concluded that no significant changes are required as of 31 December 2020 in its key accounting judgements and estimates, except for updating the forward-looking assumptions relating to the macroeconomic environment used to determine the likelihood of credit losses. Based on that assessment, the Group has concluded that there is no significant impact on its financial position and performance as at and for the year ended 31 December 2020.

The Group also performed an assessment on its ability to continue as a going concern. The Group's projections shows that the Group has sufficient resources to continue in operational existence and its going concern position remains unaffected from Covid-19. Therefore, these consolidated financial statements have been prepared on a going concern basis.

During the year, the Group made a social contribution of QR 10 million to the Supreme Committee for Crisis Management dedicated to manage the coronavirus pandemic.