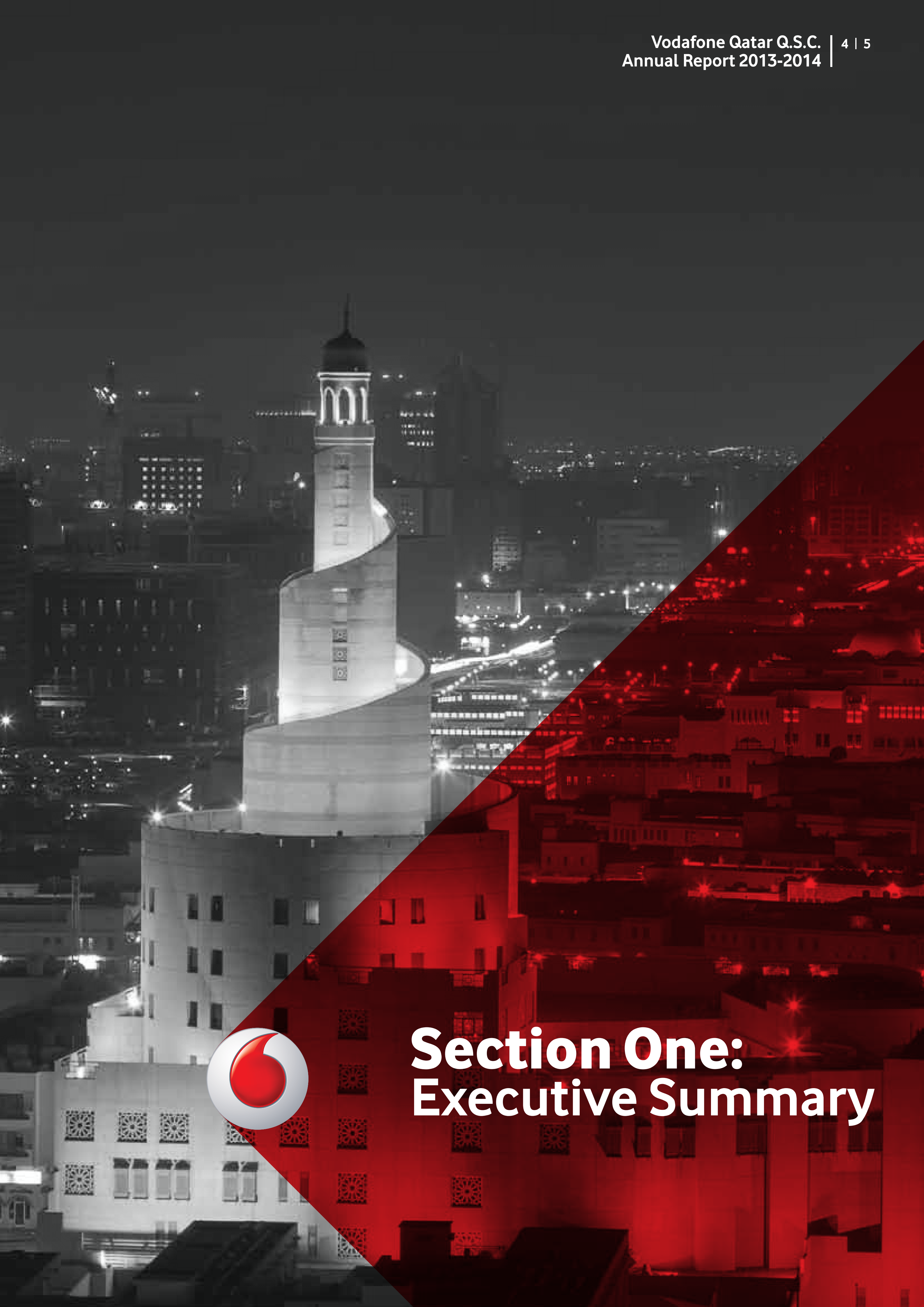
Vodafone Qatar
Annual Report 2013-2014

In the Name of Allah,
Most Gracious Most Merciful

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

Sheikh Hamad bin Khalifa Al-Thani
The Father Emir

Contents



Section One:
Executive Summary

Chairman's Statement

Dear Shareholders

On behalf of the respectable board, it is my pleasure to address you for the first time as Chairman of Vodafone Qatar and to bring you the Company's annual report detailing our financial results and business performance for the year ended 31 March 2014.

This was a year of significant growth, with solid business performance delivering revenue growth of 30% over the year to reach QR 1.98 billion driven primarily from our mobile business. This has enabled the Company to further increase its share of mobile revenues in Qatar to 33.6% by the end of the year, up from 30.4% last year.

We are glad to recommend the distribution of a dividend of QR0.17 per share to our valuable shareholders for the first time in our history. We are proud that the Company has had such strong financial performance, and that we are in a position to make this recommendation.

This mobile revenue growth can be attributed to now having 62% of the Qatari population using our services on a monthly basis. This means that our customer base closed the year to 31st March at 1.327 million customers, representing growth of 243,000 customers or 22% over the year.

This revenue growth coupled with strong financial management has enabled the Company to improve its EBITDA margin by 6 percentage points over the year to reach 25%. That is a dramatic year on year improvement and has been a fundamental driver of us being able to recommend the distribution of a dividend.

We have had a strong focus over the course of the last year in strengthening a number of our external relationships and solidifying our bond with the local community.

On the Corporate Social Responsibility front, our key programme of Vodafone Better World, aims to make a positive social impact, contributing to community development in Qatar. Our 5 year partnership with Reach out to Asia (ROTA), which started in 2009 continues to benefit over 500,000 community members in Nepal, Indonesia and Qatar, supporting community projects that focus on education, disaster resilience and youth development.

For our unique World of Difference programme, we provided financial support for individuals to start and work on their own Qatar-focused charitable initiative for a full year. This year we selected three Qatari winners with projects that inspired the local community and changed lives for the better.

I would like to thank His Highness Sheikh Tamim bin Hamad bin Khalifa Al-Thani, the Emir of the State of Qatar for his on-going support of Vodafone and the communications sector in Qatar.

I would like to thank the Board, Executive team and all the employees and partners of Vodafone Qatar for all their hard work in creating the growing, successful company you see today.

Khalid bin Thani Al-Thani
Chairman

Chief Executive Officer's Review

Dear Shareholders

I am honored to be writing to you at the end of my first year as CEO and what has been another very successful year for Vodafone Qatar.

By the end of the financial year we have achieved a mobile market share of 33.6%. The profitability of the Company also improved with our EBITDA margin achieving an impressive 25% for the full year, and we have managed to reduce our net loss by 39%. This has enabled the Board to recommend a dividend distribution of QR0.17 per share for our valuable shareholders for the first time since our establishment in Qatar.

This growth results from focusing on the delivery of unique products and services to our customers, as well as ensuring our customers are satisfied in their daily interactions with Vodafone.

Consumer Services

Our growth continues strongly in the consumer market. Over the course of the year, we focused on delivering innovative propositions to customers. We went in search of great examples from other Vodafone markets, and then added a local dimension to all of our propositions to make sure they were relevant to all our local customers. Our workplace culture, our processes and practices are all strongly geared towards fostering an atmosphere of creativity, empowering our employees to think innovatively to introduce new ways of doing things and offering unique experiences to our customers every time.

This year saw the launch of two of the most innovative propositions to hit the Qatari market, Vodafone Red and Vodafone Falla.

Vodafone Red

Vodafone Red is the largest global proposition that the Vodafone Group has to date with over 11 million customers worldwide. Vodafone Qatar has brought Vodafone Red best practices from around the world with local insights into Qatar, changing what customers can expect from their telecommunications provider forever.
For the first time in Qatar, Vodafone, working closely with local and international partners, is bringing some of the most exclusive experiences to their customers, many of which are first time in Qatar experiences including valet parking, VIP concierge with Quintessentially and access to over 600 VIP lounges at airports across the world through Priority Pass.

Falla

Falla is Qatar's first youth telecom plan. Falla is a Qatari expression that means enjoying the moment and it is the feeling Vodafone wants to create with young people in Qatar.
Youth are the cornerstone of Qatar's 2030 development vision. Harnessing their passions, ambitions and creativity in every aspect of their lives will play a key role in realizing that vision. There are half a million young people in Qatar with their own tastes and their own requirements, not only in terms of lifestyle but also in the field of day to day communication.

The new Vodafone Falla Prepaid and Postpaid plans offers youth hours of on-net calling, endless music and fantastic internet offers together with unique engaging experiences.

Fixed and Enterprise

We have had a significant year in our enterprise business, delivering solutions to customers which have bought about business innovation whilst giving them total control. This year we saw a significant increase in the number of local and international businesses choosing Vodafone as their telecommunications partner. We have been able to offer our business customers a comprehensive range of enterprise grade fixed products including Corporate Voice, Internet and Data Network solutions. We also brought two firsts to businesses in Qatar with a locally supported Secure Device Management solution and an Audio Conferencing solution.

Award winning Telco

Vodafone continues to win a number of internationally recognized awards for its customer service and focus on customer experience. The most recent, awarded at the 3rd Annual Customer Experience Management (CEM) in Telecoms, was for the Best Culture Transformation. This is a testament to the internal customer focused culture that exists within the Company. Where cross functional departments work closely together to ensure the end to end experience for the customer is seamless and exceptional.

Connecting with Qatar

In our efforts to strengthen our bonds with the local community and in line with our commitment to contribute to the development of the sports industry in Qatar in line with the National Vision, we remain the sponsors of Al-Sadd Sports Club. An establishment that has claimed many victories. We have also launched our digital parenting initiative, AmanTECH, the Company's aid program for online child and youth safety. Vodafone relies on its many years of experience helping parents and teachers keep their children safe. We aim to empower parents and to help them equip their children with the right tools and understanding to navigate the digital world safely and to take full advantage of its benefits. In its first year, AmanTECH will reach out to 50,000 students aged between 5 to 17, 15,000 teachers and 25,000 parents.

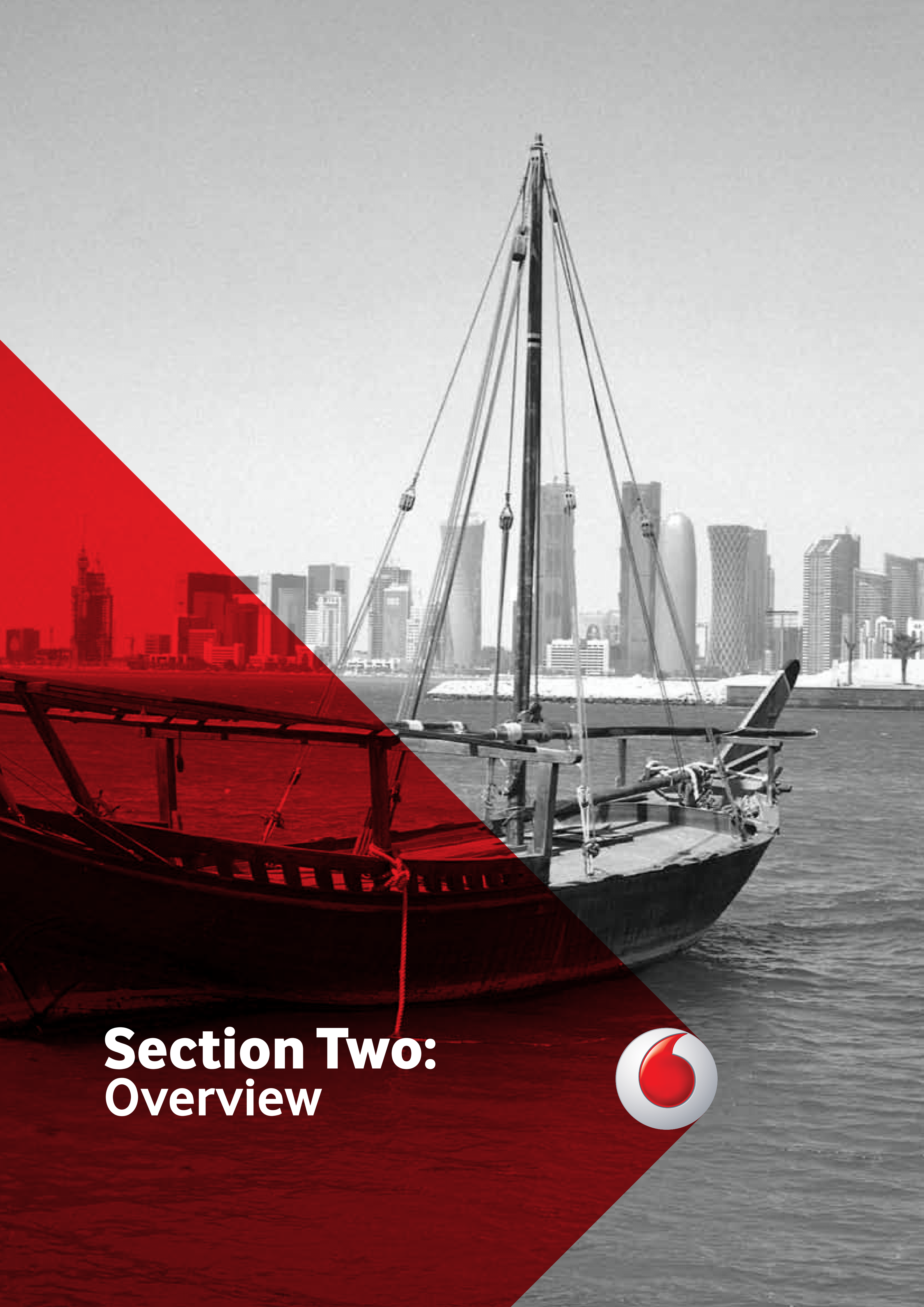
Future Plans

As we move forward, our relentless pursuit of excellent network experience will continue with wider and improved 3G coverage, coupled with our recently launched 4G service to ensure the optimum speed and quality experience to our valuable customers. We have also identified big growth opportunities in the enterprise segment and are rapidly growing in this market. Additionally, we have a dedicated business team servicing our Vodafone Global Enterprise customers who enjoy the same

level of service in Qatar that Vodafone is able to provide across the rest of the world.
Being 73% owned by Qatari individuals and institutions and our increasingly strong links with all elements of Qatari society enabled us to support His Highness, the Emir's Qatar National Vision 2030.

I am proud and thankful for being part of the Vodafone Qatar success story and looking forward to more innovative achievements in the near future. I thank all of our shareholders for their continued support of Vodafone Qatar and for the fantastic year that we have had.

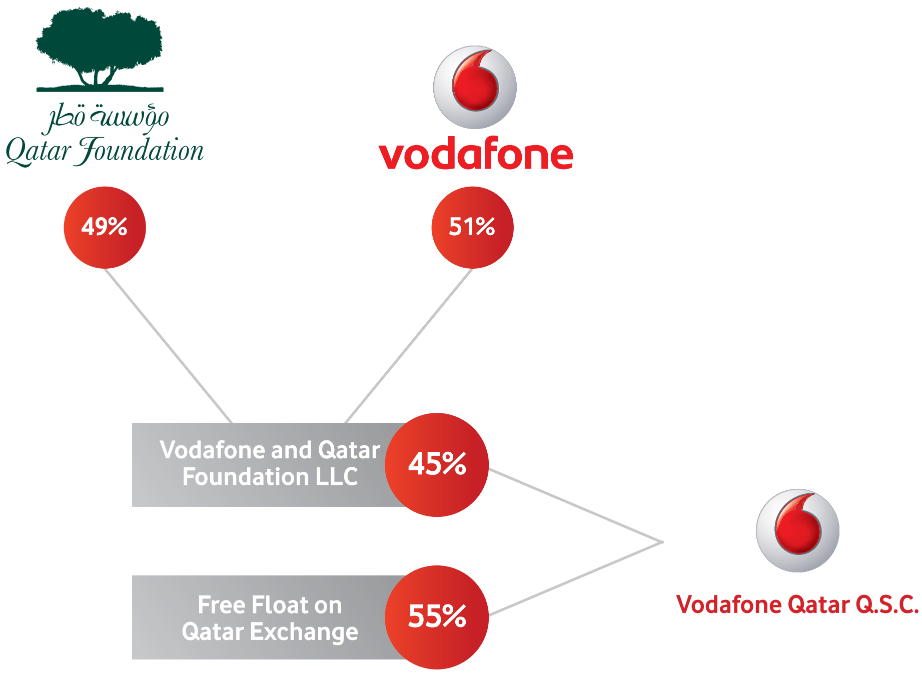
Kyle Whitehill
Chief Executive Officer



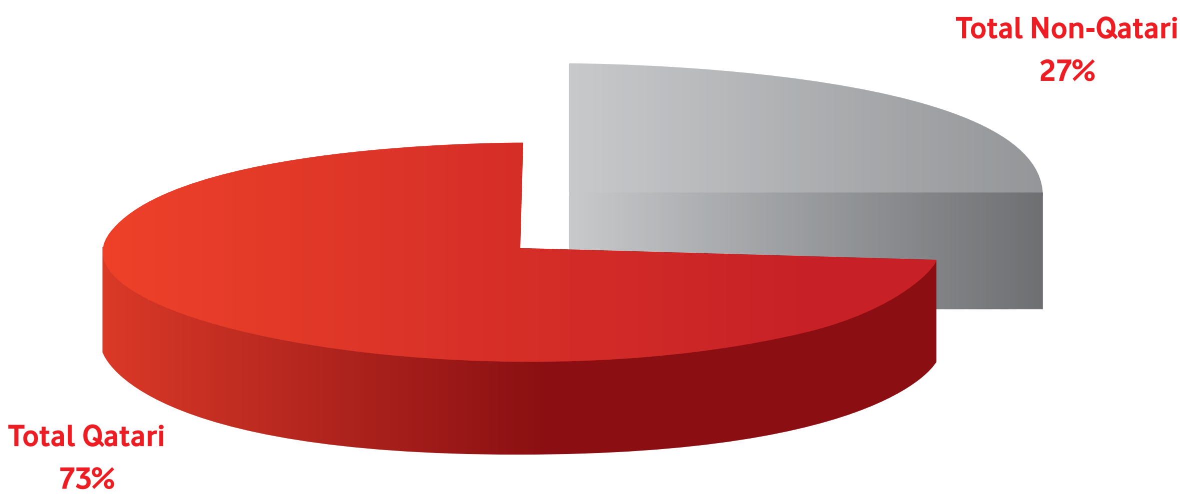
Section Two: Overview

Who we are

Vodafone Qatar is a local full telecommunication services provider. With over 38,000 individual and institution shareholders, Vodafone Qatar is 73% Qatari owned including a 22.05% shareholding by Qatar Foundation. Vodafone Group owns the majority of the non-Qatari shareholders at 22.95%, whilst the remaining 4% is owned by foreign individual and institutional shareholders.



Vodafone Qatar Q.S.C. Ownership Split



Board of Directors

His Excellency Sheikh Dr. Khalid bin Thani bin Abdullah Al-Thani, Chairman

Appointed Chairman of Vodafone Qatar in July 2013, His Excellency is a leading Qatari businessman with diverse business interests in banking, real estate, insurance, financial securities, healthcare, media and information technology. He is also the Chairman of several public companies. He is the majority shareholder and senior executive of several privately held companies.
His Excellency is the co-founder and benefactor of a number of non-profit organizations and business associations.

His Excellency Sheikh Faisal bin Thani bin Faisal Al-Thani, Vice Chairman

Appointed Vice Chairman of Vodafone Qatar in July 2013. An inspiring businessman, in addition to his role as Vice Chairman of Vodafone Qatar, Sheikh Faisal also plays key leadership roles in Qatar Foundation Endowment where he is the Chief Investment Officer. Additionally, Sheikh Faisal works closely with Al Ahli Bank, Bharti Airtel and Qatar Banking Studies and Business Administration School as Board Director. Previously, Sheikh Faisal has led the strategic planning and management of the reserve fund at Qatar Central Bank.

- **His Excellency Sheikh Mohamed bin Abdulla Al-Thani, non-executive board member**
- **Mr. Rashid Fahad Al-Naimi, non-executive board member**
- **Mr. Abdulla Mohammed Al-Khulaifi, non-executive board member**
- **Mr. Nick Read, non-executive board member**
- **Mr. Richard Daly, non-executive board member**
- **Mr. Kyle Whitehill, executive board member**
- **Mr. Steve Walters, executive board member**

Executive Management Team

Kyle Whitehill
Chief Executive Officer

Kyle joined Vodafone Qatar in June 2013 from Vodafone Ghana where he was Chief Executive Officer from 2010. Under Kyle's leadership, Vodafone Ghana delivered a significant increase in revenue market share and profitability.

Kyle has worked for Vodafone Group since 2001 and previously held a variety of senior roles including Enterprise Business Unit Director in the UK and Chief Operating Officer in India.

Kyle's early career was spent in fast moving consumer goods (FMCG) with L'Oreal and Jeyes before he entered general management with the Soft Drinks division of PepsiCo.

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

Mohamed Al-Yami
Director of External Affairs
Mohammed Al-Yami joined the Executive Management Team in March 2012 and brings with him more than 18 years' experience in various government and private positions. He joined Vodafone from Ashghal Public Works Authority where he held the position of Corporate Planning and Development Manager. He has also previously held roles with Kahramaa and the Ministry of Health.

Marc Norris
Chief Commercial Officer
Marc joined Vodafone Qatar in September 2012 from Vodafone Ghana where he held the role of Commercial Director, implementing a market-leading distribution and service model. Marc began his career in

telecommunications in 1998 and over the past 16 years has built up extensive international telecoms experience with companies in Asia, Europe, Africa and the Middle East in general management roles covering mobile, fixed-line and digital content.

Mohamed Al-Sadah
Chief Administration Officer

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

Matthew Osborne
Director of Legal and Regulatory

Matthew was appointed as Director of Legal and Regulatory in April 2012 and brings with him considerable experience having been General Counsel and Company Secretary for Vodafone Ireland and its subsidiaries for four years. Prior to joining Vodafone, Matthew spent six years as a corporate solicitor in top tier law firms in New Zealand, the UK and Ireland.

Cindy Moussa
Marketing Director

Cindy joined Vodafone in 1998 and started her career in customer care. Since then she has had many roles moving through billing, finance, commercial and then the last 9 years in marketing. In marketing she held a number of general manager roles in the Australian business, and then transferred to the Head of Customer Marketing in Qatar in January 2009. Cindy was appointed as Marketing Director in April 2013

Dalia Al-Khalaf
Strategy and Planning Director

Dalia was appointed as Strategy and Planning Director in September 2013 and brings with her 13 years of experience from various government and private companies in Qatar, including Enterprise Qatar, Maersk, Q-Invest, Al Khaliji Bank and the International Projects Development Company (IPDC).
Dalia holds an undergraduate degree in mathematical science from Portland State University and an Executive MBA from the London Business School.

Rasha El-Azhary

Head of Ultra Broadband

Rasha was appointed as Head of Ultra Broadband in December 2013, prior to this role, she held the position of Head of Commercial Planning & Pricing in Vodafone Qatar for 2 years ensuring Vodafone's value leadership in the market.

Rasha began her career in investment banking and in 2003 she joined Vodafone Egypt's finance department. Since then she has moved between different roles within finance and marketing departments.

Ger Coolen

Chief Technology Officer

Ger joined Vodafone Qatar in April 2012 from Vodafone Netherlands where he held the position of Chief Technology Officer since 2008. Ger has had a succession of great achievements including winning the Netherlands Best Network Award in 2010.

Niraj Singh

Director of Vodafone Business Services

Niraj joined Vodafone Qatar in April 2012. Prior to joining Vodafone Qatar he worked as Chief Operating Officer for Vodafone Global Enterprise as part of Vodafone India. Whilst in his previous role he helped develop the enterprise business from a new start-up to market leader.

Section Three:
Review of the Year

Review of the Year

Executive Summary of 2014

2014 has been a fantastic year for Vodafone. We are very proud of being able to reward our loyal shareholders this year through the payment of our first ever dividend. Vodafone Qatar is a global company with strong local roots. This enabled us to accelerate our growth as we introduced a number of innovative and ground breaking products and services designed for the Qatari community. We also continue working with Qnbn, for expansion into converged services.

The results for the year show us achieving a significant milestone with over 62% of the population using their Vodafone service every month. That's over 1.3 million customers relying on our network each month. Revenue grew strongly with Vodafone increasing its share of mobile market revenue by 3.2 percentage points to 33.6% by the end of the year.

With a number of important milestones achieved in 2014, we are as committed as always to creating a world-class telecommunications infrastructure and delivering world class solutions to our customers. This is in line with His Highness, the Emir's Qatar National Vision 2030, which we are proud to support. We look forward to being able to deliver even more to our customers and shareholders in 2015.

Brand Update

We have continued to strengthen the brand in Qatar. Our customers are telling us they recognize our communications and that it is highly relevant to them, showing up where they expect it to be. The Vodafone brand is a strong global brand, and we are proud of how we have been able to take the international part of our brand and localize it in a way which is very relevant for our Qatari segment at all times of the year.

The year has been an exciting one as we also introduced our new visual identity, the Power of Red, into the market. The new identity portrays confidence, energy and progression. This new visual identity went live in December 2013, and has quickly become highly recognizable as Vodafone.

On an international scale this visual identity is live in all Vodafone markets across the world. So wherever our customers are and go, they will have the same consistent feel, recognizing Vodafone at all times.

This year saw the launch of our new Firsts platform. Firsts is an international initiative which will roll out in all Vodafone markets. Firsts is about enabling people to experience something for the first time in their life. Initiatives include participating in the world's first ever pyrosensics new year's fireworks experience all the way through to an eighty year old flying for the first time in her life. Over time, we want to develop a deeper and longer lasting connection with our customers.

We are in the process of rolling out this platform in Qatar and are very proud to be supporting the Brazil challenge which will see a group of six Qatari youth head out on an adventure to trek across the Amazon to help build a school in a remote part of Brazil. This fantastic opportunity is in full support of the Qatar Brazil 2014 year of culture as well as an initiative which is inspiring and engaging for youth.

Vodafone has made a conscious decision over the course of the last year to be less involved in sponsorship but to provide more engaging experiences and activations which many of our customers can experience. We want to communicate with our customers and the public at large through new channels and activities, by creating events and supporting initiatives that celebrate personal stories of achievement, big or small.

We also reintroduced our brand line Power To You, our promise to our customers to put them in control and enabling simple and easy to manage communications. In everything we do, every proposition we launch, every activity we introduce, we want to give our customers the confidence to try new things and explore new opportunities, ensuring that our technology empowers everyone who uses it.

Achievements

We have continued to experience rapid growth in our consumer business during the year. In postpaid, we were able to capitalize on strong momentum since our launch in June 2012 and deliver 55% growth in FY14. Prepaid continued to grow faster than the market, experiencing over 19% growth this year.

A major factor in the performance has been an increased success with Qatari customers across our portfolio. This can be attributed to momentum on postpaid, Ramadan activity and finishing the year with our new Red proposition.

Overall postpaid growth was fueled by a roadmap of offers that delivered fantastic value to customers. These worked to unlock potential from the postpaid market and grow our consumer postpaid base to over 85,000 customers. Expanding our footprint of retail locations which now sits at 23 branches across Qatar has also helped us reach new customers and make working with Vodafone easier for our growing customer base.

In prepaid, our customers continue to tell us how much they enjoy our great value offers and promotions. This year our prepaid customers have benefited from a local calling rate of only 25dhs, our on-net Swalif offers, Ramadan campaigns, special rates to select international destinations, great internet packages and more. Constantly working to delight our customers and investment with our channel partners to increase brand visibility in key retail zones across Qatar have been critical to deliver this year's results.

Customer appetite for mobile internet continues to grow. This year Smartphone penetration grew by more than 5%, data volumes on our network more than doubled and data revenue growth outpaced all other revenue streams. We expect this trend to continue into the future.

There have been more accolades and industry recognition for Vodafone Qatar's Customer Care team. This year alone Vodafone Qatar's call centres won 7 awards including MENA Customer Delight Award, Customer Strategy Award at Telecoms Middle East, Best Culture Transformation Award at the Customer Experience Management in Telecoms event and four awards at the INSIGHTS Middle East Call Centre Summit. We place enormous importance on being customer obsessed and delivering personalised service. Recognition from industry peers continues to motivate us to provide the best customer experience possible.

New differentiated Red and Falla propositions

In February 2014 we launched Vodafone Red in Qatar. Vodafone Red is the biggest global proposition in Vodafone Group. It is launched in 19 countries around the world and has over 11 million customers. In Qatar the Vodafone Red postpaid plans have been designed for Qataris and other high value customers.

The Red plans include exclusive privileges such as; valet parking at malls, airport lounge access, a VIP concierge service, dedicated service areas in store and Red service team that will go to a customer anywhere in Qatar. All of this comes with postpaid plans that were the first in Qatar to offer unlimited local calling and a family discount of 30% for each second and subsequent line on a single account.

The Red proposition is truly revolutionary and is changing what people expect from their telecommunication provider forever.

In March 2014 we launched Vodafone Falla. It is Qatar's first ever telecom plan appealing to the youth. Falla has great mobile deals, exciting activities and direct youth engagement. Falla is a Qatari expression that means enjoying the moment. Falla is the feeling Vodafone want to create with young people in Qatar.

Falla customers get amazing value on on-net calling, internet and a subscription to the Anghami+ music service. In addition to the great mobile offer Falla launched with activities at major universities in Qatar, weekly video gaming events, dedicated social media platforms and a new instant message based customer service channel.

Both these customer focused propositions show the change in positioning of the Vodafone brand towards new target customers in Qatar. Success across these activities and a constant trading focus will deliver ongoing growth in the coming year.

Fixed and Enterprise

We support the government's initiative to provide high-speed broadband to the country, advancing the digital infrastructure of Qatar and continue working with Qnbn to make this a reality.

Together, we've already brought high-speed internet connectivity to many business and residential towers in West Bay as well as to Barwa City and the 8.5 km Barwa Commercial Avenue project, one of the longest single project strip developments in the world. This year we launched a comprehensive range of enterprise grade fixed products including Corporate Voice, Internet and Data Network solutions. We also brought two firsts to businesses in Qatar with a locally supported Secure Device Management solution and an Audio Conferencing solution.

We have a dedicated business team servicing our Vodafone Global Enterprise customers who enjoy the same level of service in Qatar that Vodafone is able to provide across the rest of the world.

Network

Our customer base has grown steadily over the last 12 months and now more than 1.3 million people are using our services.
To ensure our customers are confidently connected we need a strong network – which we have. The network is providing indoor and outdoor coverage throughout Qatar and we are adding more and more cell sites to support developing areas and to provide additional capacity to meet demands of the growing population. We continue to improve our network and expand the number of cell sites. Over 150 are dedicated in-building solutions to provide the best coverage and data speeds in shopping malls, hotels, hospitals as well as residential and office towers.

The future is all about data. While our voice traffic increased by over 30% compared to last year, we have seen data traffic multiplying and we carried more than double the amount of data traffic we did last year. This trend is expected to continue with new services like video on demand gaining momentum and 3G handsets becoming more widely available at lower price points. We are supporting this development by upgrading the existing network capacity on 3G as well as introducing new technologies like HSDPA-DC and 4G which will push the achievable data speeds to new heights.

Our investments do not stop at the mobile network though. We are also providing fixed line services to Enterprise and Consumer customers. Last year we have expanded our footprint from The Pearl into Westbay, Qatar Foundation, Barwa City and Barwa Commercial Avenue. We are working together with Qnbn to ensure that this footprint will grow further and satisfy customers' demand for high speed fibre connections.

Innovation

This year we continued to be uniquely innovative in using technology to engage customers with mobile customer care service and information about the latest phones, apps and innovative technology.

To meet this opportunity, we implemented a program of unboxing and video reviews focusing on everything mobile, delivered in Arabic and English. We now display this innovative video content through 10 channels, have achieved over 10 million impressions on Facebook and we've seen an enormous increase in our YouTube video views this year. This has further opened a two way forum to obtain feedback from customers so that we can anticipate needs and areas of interest. This program was the key driver behind being awarded the Best Social Media Strategy for Telecommunications in the Middle East at The Marketing Awards show this year.

With the launch of our Red postpaid plans, we witnessed the largest and most successful online and social media campaign ever with 180 million impressions, 400,000 clicks, likes, shares and comments and 100% online users coverage. It was also the largest YouTube campaign with 700,000 views of Red TV Commercials, 350,000 estimated minutes watched or 215 days video viewed, and 100% YouTube user coverage. This makes us the Number One telecom YouTube channel in Qatar with 2 million views and 2.5 million minutes watched.

In addition, to great social media engagement scores, this year we became more serious about improving our customer experience by expanding our Self-service channels. By adding new MyVodafone *100# and IVR self-service channels to our existing capability, we have effectively doubled our capacity to service customers, now efficiently managing more than 60% of our care inquiries through self-service channels.

2014 was an amazing year in digital growth and customer engagement and we look forward to building on this success with new digital capabilities, content and crowdsource initiatives in the future.

Community Engagement

The year was marked with a number of key milestones for Vodafone Qatar driven by a solid stakeholder engagement programme that saw the Company heighten its focus on forging solid, long-term bonds with its community.

Vodafone Qatar is deeply rooted to the fabrics of our nation and it is therefore our duty to ensure that we spearhead programmes that touch the various walks of our society.
To that effect, we have championed a literary competition, 'With Your Pen Express Your Love for Qatar' on the occasion of Qatar National Day 2013 launched under the auspices of HE Dr. Hamad Bin Abdulaziz Al-Kuwari, the Minister of Culture and Heritage.

The competition aimed at providing a platform for professional and aspiring writing talent in Qatar to shine and be recognised for outstanding words of literature. As a proudly Qatari company, it was essential for us to be aligned with the national cultural agenda which looks into the preservation of the key pillars of our identity, especially the Arabic language.

The literary competition accentuated Vodafone Qatar's steadfast commitment to continuously and strongly engage with our various stakeholders, not just from a business perspective, but also from a societal perspective through initiatives that add genuine and tangible value to everyone.

Section Four:
Financial Summary

Financial Highlights

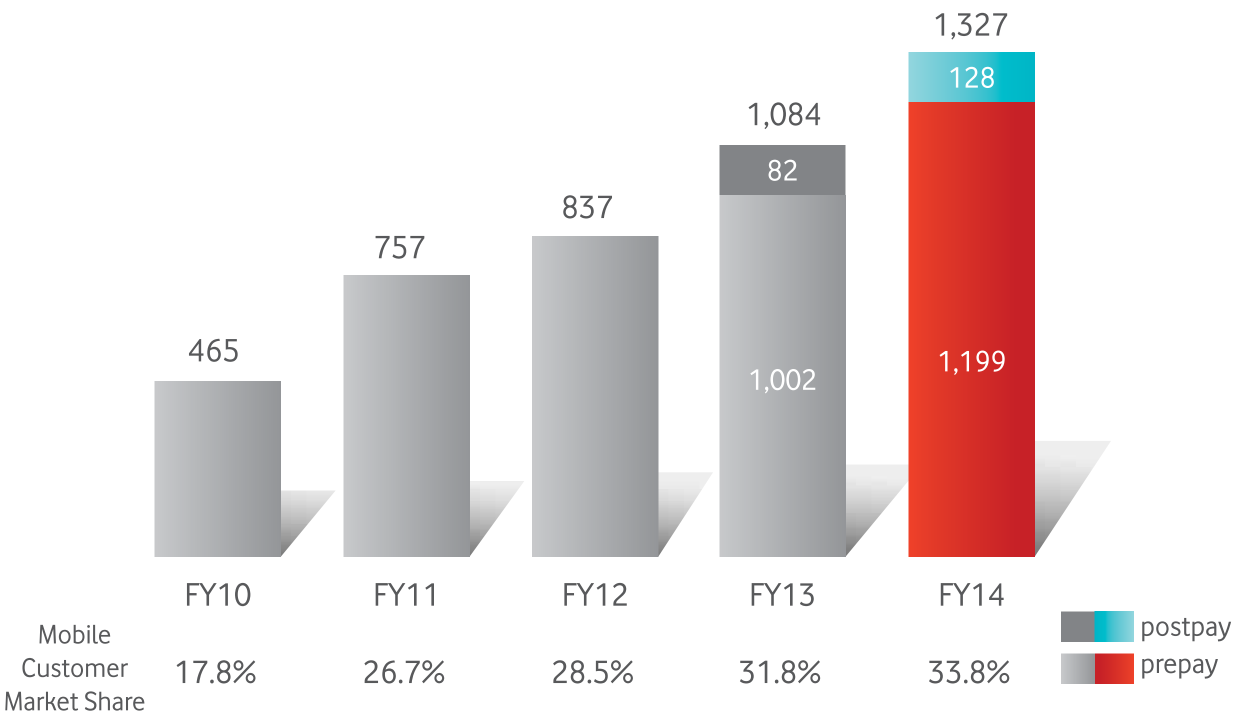
Fixed and Mobile

	Mar-10 QRm	Mar-11 QRm	Mar-12 QRm	Mar-13 QRm	Mar-14 QRm	YOY Growth %
Total Revenue	362	935	1,222	1,527	1,982	30%
EBITDA	(225)	(27)	144	284	496	75%
Net Loss	(673)	(601)	(486)	(401)	(246)	39%
Distributable Profit	(304)	(197)	(82)	2	157	n/a
Fixed Asset Additions	524	475	399	395	344	(13%)
Free Cash Flow	(259)	(341)	(293)	(61)	144	n/a
Net Debt	(294)	(644)	(937)	(998)	(854)	14%

Key Performance Indicators (KPIs)

	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Growth %
Total Mobile Customers ('000)	465	757	837	1,084	1,327	22%
Qatar's Population (m)	1.677	1.679	1.774	1.921	2.144	12%
Qatar's Mobile Penetration	156%	169%	166%	176%	183%	7pts
Mobile Customer Market Share	17.8%	26.7%	28.5%	31.8%	33.8%	2pts
Mobile Revenue Market Share	13.3%	23.2%	24.5%	30.4%	33.6%	3.2pts

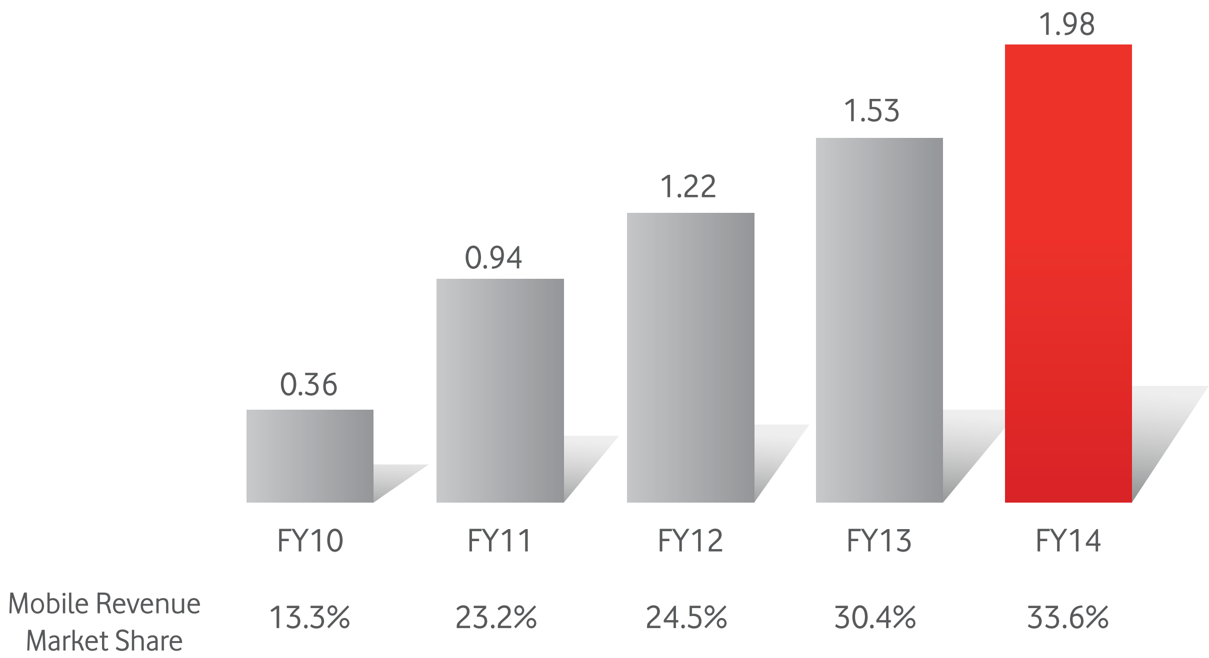
Financial Commentary
Mobile Customers ('000s)



At 31st March 2014, we had 1,327,000 mobile customers representing year on year growth of 22%, well ahead of the growth in population of 11.6% for the same period. The 243,000 increase in customers over the year was supported by a strong mix of high value postpaid customers. Since its launch in June 2012, our Postpaid base has grown to 128,000 representing nearly 10% of our customer base, a growth of 55% during the year.

Mobile penetration in Qatar grew by 6% during the year, closing at 183%. Dual-SIM usage is a feature of the Qatari mobile telecommunications market, with most residents in Qatar owning more than one SIM. Our customer market share grew by 2 percentage points during the year to 33.8%. which means 62% of the Qatar's population is a Vodafone customer and using our services each month.

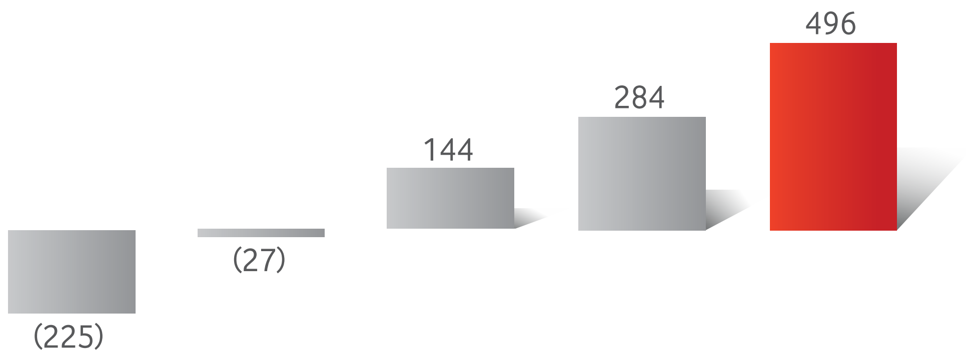
Total Revenue (QR bn)



Total revenue for the year was QR 1.98 billion, an increase of 30% compared to the same period last year. In the quarter to 31 March 2014, our share of total mobile market revenue was 33.6%, an improvement of 3.2 percentage points over the same period last year. Revenue growth was due to the increased mobile customer base and higher ARPU generated by attracting more Postpaid customers.

We are particularly pleased with the performance of our Postpaid services during the year, which now represents almost 17% of our revenues.

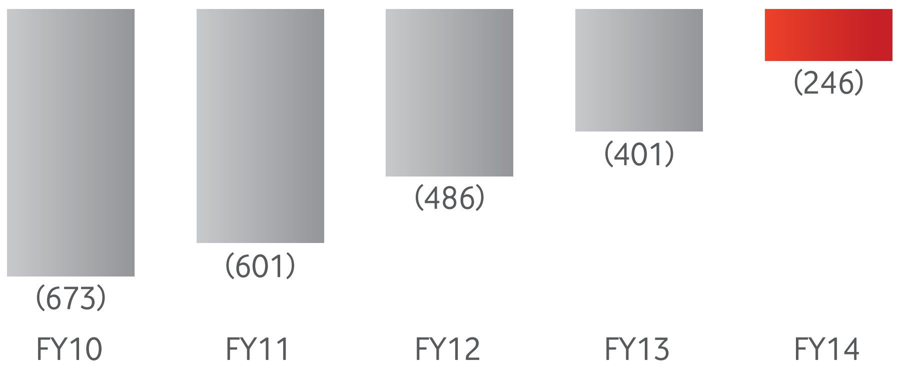
Earnings before Interest, Tax and Depreciation (QR m)



	FY10	FY11	FY12	FY13	FY14
EBITDA Margin %	-62%	-2.9%	12%	19%	25%

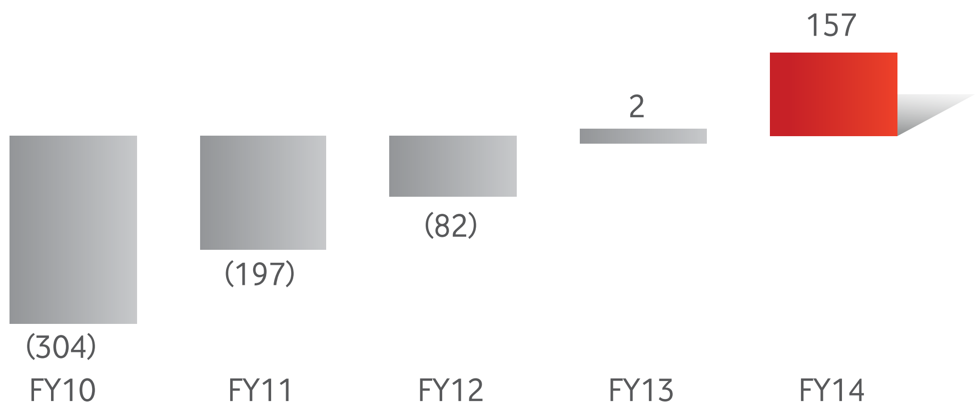
EBITDA for the year was QR 496 million, an impressive 75% increase since last year benefiting from increased revenues and a focus on costs. EBITDA margin has improved to 25% from 19% last year. This increase reflects the continued benefit from improved sales mix, economies of scale and cost control.

Net Loss (QR m)



Net Loss for the year was QR 246 million, which was a 39% improvement from the previous year and benefited from the growth in EBITDA. The most significant expense for Vodafone Qatar continues to be the amortisation of the mobile licence which is QR 403 million annually. Whilst this is a considerable expense, it is a non-cash item that has no impact on the ability of the Company to pay dividends or the Company's cash flow.

Distributable Profit (QR m)

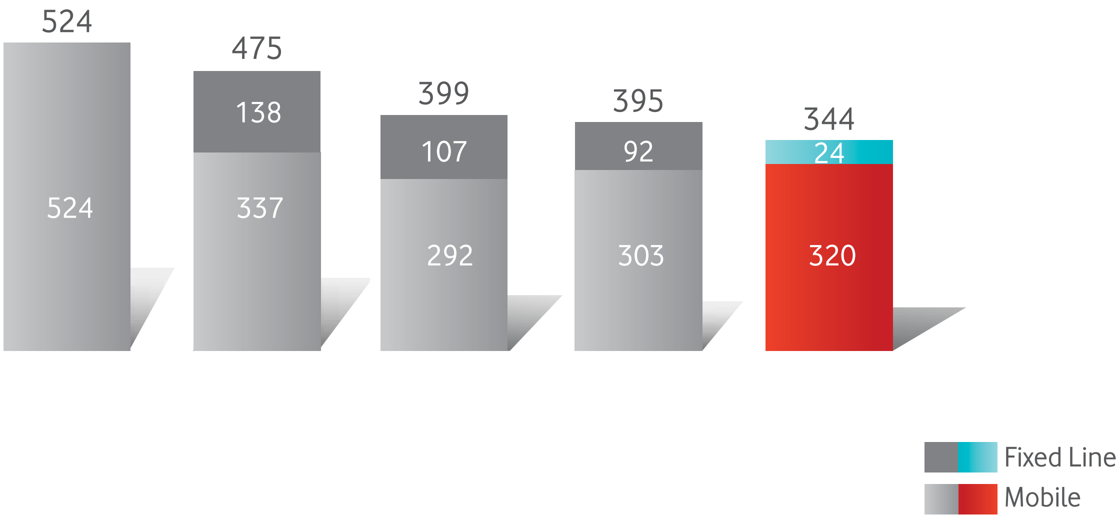


Distributable Profit is defined in Vodafone Qatar's Articles of Association (Article 69) as Net Profit or Loss for the financial year plus amortisation of the licence for that financial year.

The Company's strong performance this year has enabled us to report a full year Distributable Profit of QR 157 million for the year ended 31 March 2014.

As a consequence, the Company has achieved another milestone with the proposed payment of its first dividend. The Board of Directors will recommend to the Annual General Assembly that the Company pays a cash dividend of QR 0.17 per share, amounting to a QR 143.7 million cash payment that will be funded out of available cash and long term borrowings.

Capital Expenditure (QR m)

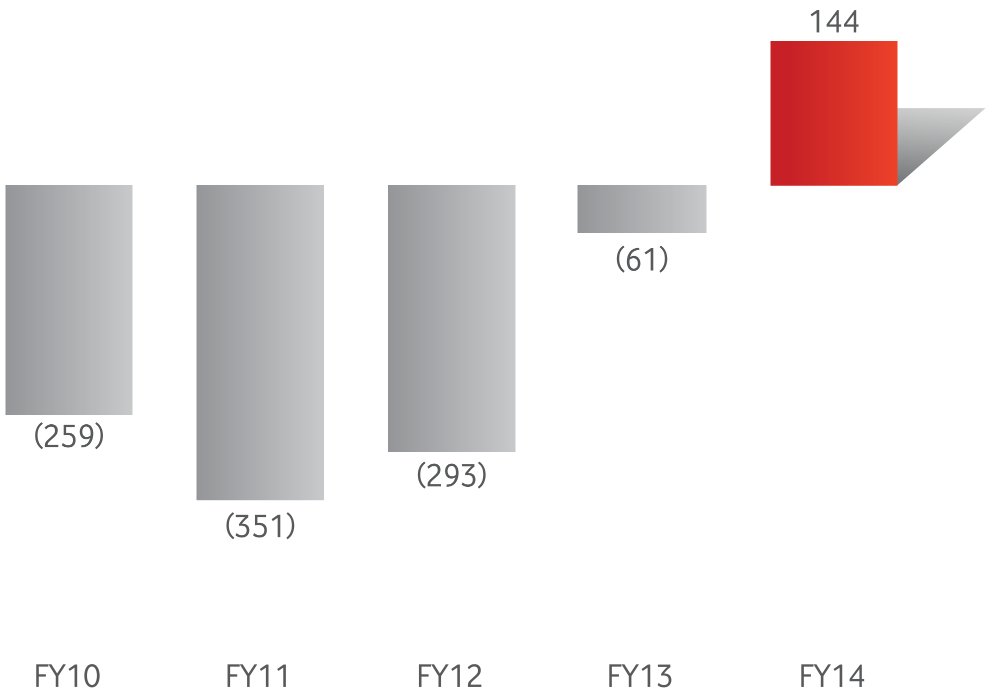


	FY10	FY11	FY12	FY13	FY14
Capital Intensity	145%	51%	33%	26%	17%

The Company invested a total of QR 344 million in capital expenditure during the year, of which QR 320 million related to our mobile business. This brings the total amount of capital invested since the incorporation of the Company to QR 2.52 billion for both Mobile and Fixed operations.

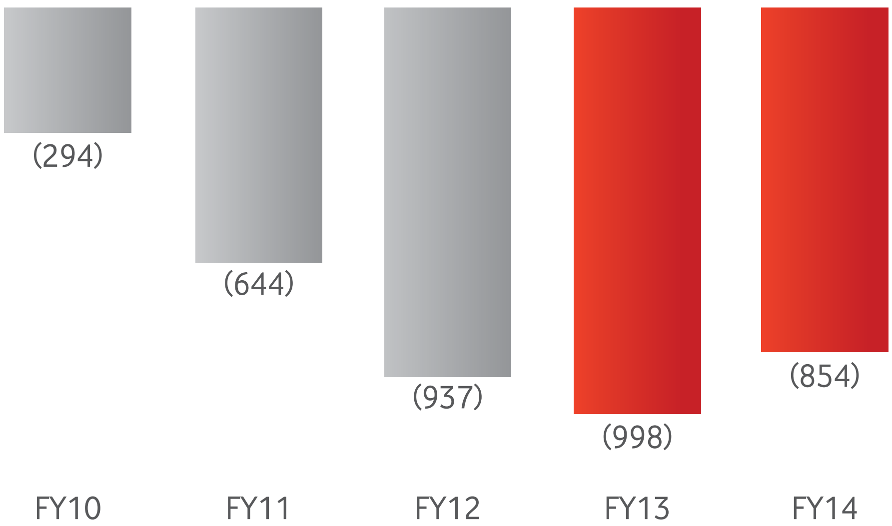
Overall capital intensity (capital expenditure as a proportion of total revenue) for the year was 17%, continuing to improve from the 26% reported last year. Expenditure next year will focus on the launch of 4G services and further investment in network improvements and expansion.

Free Cash Flow (QR m)



We are delighted to have achieved our first year of positive free cash flow of QR 144 million aided by growth in EBITDA and continued strong working capital management.

Net Debt (QR m)



Net Debt is defined as Total Borrowings less Cash. Vodafone Qatar's total borrowing facilities remained unchanged during the year at USD 330m (QR 1,201m). As at 31 March 2014, QR 951m was drawn-down on these facilities offset by QR 97m of cash, leaving the Company's net debt position at QR 854m. This improvement resulted from the generation of positive free cash flow by the Company. Please refer to section eight (Financial Statements) further details on our long-term borrowings.

Section Five:
The Year Ahead

Our Vision

Our Vision is to be **the most admired brand in Qatar** for our customers and our shareholders. Our aim is to achieve this through delivering against our five strategic pillars.

Our Strategy

1. Grow market share

2. Differentiate through customer experience

3. Be truly admired throughout society

4. Create a fantastic place to work

5. Delight and reward our shareholders

We are very excited about the year ahead and the opportunity it holds for Vodafone Qatar, our customers and our shareholders as we build on last year's achievements.

In line with Qatar's National Development Strategy for 2016 and its 2030 National Vision, Vodafone is committed to providing state-of-the-art services and solutions designed to provide better opportunities and a better way of life for the country's citizens as the country progresses toward its goal of becoming a knowledge-based community.

To achieve this, we have reaffirmed our commitment to bringing innovation to Qatar. Innovation will be a central theme for us in the year ahead, as we strive to become a more agile organization – doing more and doing it faster. We will achieve this based on a model of partnership, including leveraging the capabilities of the Vodafone Group. This approach will give us the advantage of speed-to-market in launching new, best-in-class customer solutions that are relevant to the needs of the local market.

Innovation alone isn't the answer to achieving our strategic objectives. We've made significant improvements in building brand awareness and network quality and coverage over the last year. These will continue to be key focus areas for us as we target high-value and enterprise customers who rightfully demand and expect the best from us whether they are at home, work or at play.

We will do this by building on the success of Red, which in just a few short months has demonstrably strengthened our engagement with the Qatari community. Winning the hearts and minds of this key customer segment is an important component of our strategy and we will continue to introduce compelling value-added offers designed to increase affinity with the Vodafone brand.

The recent launch of Qatar's newest 4G service was an important milestone for us, and we will leverage on this achievement by expanding both the geographic availability and range of service offerings within our portfolio of fixed and mobile broadband solutions, bringing new Digital Content and Entertainment offerings to the Consumer market. We will also enhance the suite of ICT solutions encompassing Enterprise customers' need for best-in-class intelligent, integrated communications and managed service solutions that will help them work more flexibly and efficiently.

2015 is an exciting year for Vodafone, and we look forward to reporting on its success.

Section Six: Corporate Social Responsibility

About Vodafone Better World

When we talk about Corporate Social Responsibility (CSR) at Vodafone Qatar, we mean the impact of everything we do. Whatever we do, we aim to create a Better World. We look at the impact of our business operations and activities on our people, our customers, the environment, and the community in which we operate.

Our goal is to make a real contribution to society in Qatar with everything we do.

Vodafone Better World runs several projects:

World of Difference programme

World of Difference is a unique initiative that's a first of its kind in Qatar. Through the initiative, we give people the opportunity to receive funding for 12 months to start their own charitable projects to help the community in Qatar. The projects can focus on any cause as long as it meets a local need and is 100% non-profit.

Since its launch in 2011, we have supported nine projects started by individuals who have the passion to work their own community projects in Qatar and make a difference.

Vodafone For All initiative

We launched the Vodafone For All initiative in December of 2012 in partnership with Mada, Qatar Assistive Technology Center. We aim to support people with disabilities by offering them accessible products and services that help them enjoy and benefit from the world of communication technology.

Your Health First programme

In 2012, we partnered with Weill Cornell Medical College in Qatar and other strategic partners - Qatar Petroleum, Exxon Mobil, and Occidental Petroleum of Qatar- to embark on a mission to educate the community in Qatar about healthy lifestyles. We launched the "Your Health First" campaign, which is a five-year project that focuses on awareness and core public health concepts, especially healthy lifestyles, nutrition and health education.

The project targets people from the 10-25 year old age group. In 2013, in its second year, the programme conducted several community engagement and awareness activities:

- **The Challenge**

Launched in 2013 for the first time, The Challenge takes place every March and has seen hundreds of children from middle schools across Qatar compete in a series of physical contests at the Aspire Zone. The aim of the competition is to engage children in sports and physical activities in a fun way that gets them interested in keeping sports as a constant part in their lives.

- **Your Healthy Chef**

Families and children spent a day with celebrity chef Ann Cooper, a U.S. based chef specializing in healthy food for children. The chef shared with children and their families recipes and easy and delicious ways to eat healthier and integrate more vegetables and fruits in their daily diets.

- **Greenhouse Project**

Elementary schools from across Qatar were selected by the Supreme Education Council to be part of the "Greenhouse project" initiative. The initiative aims to teach children the benefits of growing and eating healthy food.

Reach Out To Asia five-year partnership

Our partnership with Reach Out To Asia (ROTA) began with Vodafone's sponsorship of ROTA's Gala Dinner in 2009. In December 2010, Vodafone Qatar and ROTA entered a five year partnership with a QR9 million (US$2.5 million) donation made by Vodafone Qatar. The donation was made to support education and community initiatives in Nepal, Indonesia, and Qatar until 2015.

Qatar Initiatives

- **The International Outreach Program**

The International Outreach Programme offers individuals in Qatar the opportunity to volunteer in community projects around Asia and the Arab world. Since 2010 to date, over 500 students and individuals have participated in service learning trips in Indonesia, Cambodia, Nepal, and Tunisia, including Vodafone employees through our employee volunteering scheme.

Over 10 volunteering trips are planned for the coming year, giving more individuals in Qatar the opportunity to make a difference around the world.

- **Youth Service Clubs**

ROTA Youth Service Clubs, established in 2007, are designed to unlock youth potential. They empower the young people of Qatar by developing the skills they need to tackle community projects and become leaders. Every year, 8-10 youth organizations receive funding from Vodafone Qatar to carry out their clubs' projects. ROTA provides club members with leadership training workshops where they are equipped with case studies, tools, and techniques to help them carry out their projects.

Indonesia Initiative

- **Teacher Quality Improvement (TQI) initiative**

In Indonesia, Bayat school teachers, along with the Indonesian Ministry of Education officials, are learning modern teaching skills through our Teacher Quality Improvement initiative. The project is supported by the Titian Foundation as the local NGO partner.

The initiative aims at improving teachers' soft skills and equipping them with coaching, communication and academic skills needed to better manage the classroom. A total of 440 teachers and 117 headmasters were trained during the year.

Nepal Initiative

- **Disaster Risk Reduction (DRR) project**

Teachers in Nepal are also reaping the benefits of learning modern training techniques. In a country where many villages are prone to natural disasters such as earthquakes and flooding, Vodafone Qatar and ROTA are helping to build the capacities of the communities on disaster risk reduction. In 2013, the project has benefited over 150,000 community members in Nepal through providing first aid and disaster readiness workshops and trainings. Moreover, over 200 schools were renovated to improve their resilience to natural disasters.

The project is executed through the support of Mercy Corps and Action Aid in Nepal as the local NGO partners.

Community support through the Vodafone Charitable Fund

Through the Vodafone Qatar Charitable fund, which is a fund dedicated for social investments and supporting community activities in Qatar, we aim to give back to the community through donations and sponsorships of key community activities that are aligned with our CSR objectives.

Some of the activities supported during the year:

- **CSR Qatar Summit**

Vodafone Qatar was the Silver Sponsor of the CSR Qatar Summit which was held on 24 and 25 November. CSR Qatar was a unique platform for corporate responsibility professionals in the country to learn and network alongside key stakeholders to develop and advance CSR.

- **Supporting Al Noor Institute with Technology**

To support the education of people with disabilities, especially those with visual impairment, we presented Al Noor Institute for the blind with a donation of iPad devices. The school uses the tablets to make use of the great resources and applications available that facilitate the learning of people with visual impairment.

For more information about Vodafone Better World, please visit:
http://www.vodafone.qa/social-responsibility

Section Seven: Corporate Governance

Dear Shareholders

Our continuous efforts to apply the highest standards of corporate governance and best practice is considered critical to our business integrity and to maintain investors' trust.
It is required from all our executive team members, leadership team members, all staff and suppliers to act with honesty, integrity and fairness. Our business principles set out the standards that we set ourselves to ensure we operate lawfully and with integrity and respect.

Sound and robust corporate governance framework and processes help to ensure the Company is operated in a responsible and transparent manner that is in the best interests of the Company and its stakeholders and serves to increase the confidence of investors.

It is the responsibility of the Board of Directors to oversee the management of the Company and we are confident that the Executive Management team of Vodafone Qatar have the appropriate governance policies and procedures in place to ensure that the Company operates in the best interests of shareholders at all times.

A full disclosure document detailing Vodafone Qatar's compliance with the QFMA Corporate Governance Code for the period 1 April 2013 to 31 March 2014, is publicly available on the dedicated investor relations section of the Company's website www.vodafone. qa/en-ir

In the interests of transparency and disclosure, the full disclosure document further details the Company's level of compliance with every article of the QFMA Corporate Governance Code and offers explanations where the Company does not currently meet the precise requirements prescribed.

Khalid bin Thani Al-Thani
Chairman

Board Organisation and Structure

Role of the Board of Directors

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

- has ultimate responsibility for the management, direction and performance of Vodafone Qatar;
- is required to exercise objective judgement on all corporate matters independent from executive management;
- is accountable to shareholders for the proper conduct of the business; and
- is responsible for ensuring the effectiveness of and reporting on our system of corporate governance.

Vodafone Qatar's Board Charter which provides the Board's responsibilities in more detail is available online (www.vodafone.qa/en-ir)

Board Meetings

Article 34.1 of Vodafone Qatar's Articles of Association states the Board of Directors will meet at least four times per year to be aligned with quarterly reporting requirements. Article 11.1 of the "Corporate Governance Code for Companies Listed in Markets Regulated by the Qatar Financial Markets Authority" issued by the Qatar Financial Markets Authority in 2009 ("QFMA Corporate Governance Code") prescribes that Board meetings should be held at least six times per year. Vodafone Qatar holds additional Board meetings throughout the year as and when required and held a total of six meetings during the last financial year.

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

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

Board Composition

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

The following table shows the current Board of Directors composition of Vodafone Qatar as of 31 March 2014:

Name	Position	Date Appointed	Board Member Type	Representing
Sheikh Dr. Khalid Bin Thani Bin Abdullah Al-Thani	**Chairman**	19/06/2013	Independent and Non-Executive	Institutional investors and Public Shareholders
Abdullah Mohammed Mubarak Al-Khulaifi	Member	19/06/2013	Independent and Non-Executive	
Sheikh Mohammed Bin Abdullah Mohammed Ali Al-Thani	Member	19/06/2013	Independent and Non-Executive	
Sheikh Faisal Bin Thani Al-Thani	**Vice Chairman**	19/06/2013	Non-Executive	Vodafone & Qatar Foundation LLC
Rashid Fahad Al-Naimi	Member	19/06/2013	Non-Executive	
Richard Daly	Member	19/06/2013	Non-executive	
Steve Walters	Member	19/06/2013	Executive	
Nick Read	Member	19/06/2013	Non-Executive	
Kyle Whitehill	Member	19/06/2013	Executive	

The Company's Board of Directors was appointed at the constituent general assembly on 19 June 2013, for a term of three years.

Independent Advice

The Board recognises that there may be occasions where one or more of the directors consider it necessary to take independent legal and/or financial advice at the Company's expense. There is an agreed procedure to enable them to do so.

Division of Responsibilities

Vodafone Qatar has clear separation between the roles of the Chairman and Chief Executive Officer, and there is a clear division of responsibilities:

- the Chairman (Sheikh Dr. Khalid Bin Thani Bin Abdullah Al-Thani) is responsible for the operation, leadership and governance of the Board, ensuring its overall effectiveness.
- the Chief Executive Officer (Kyle Whitehill) is responsible for the management of the business and implementation of overall strategy and policy.

Company Secretary

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

The Company Secretary:

- assists the Chairman in ensuring that all directors have full and timely access to all relevant information;
- is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters; and
- administers the procedure under which directors can, where appropriate, obtain independent professional advice at the Company's expense. The appointment or removal of the Company Secretary is a matter for the Board as a whole.

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

Board Committees

Vodafone Qatar has an Audit Committee and Remuneration Committee which are operated in accordance with detailed Terms of Reference documents which have been approved by the Board.

Audit Committee

The Audit Committee members are as follows:

Board Member	Position	Board Member Type
Rashid Fahad Al-Naimi	Chairman	Vodafone and Qatar Foundation LLC & Non-Executive
Sheikh Faisal Bin Thani Al-Thani	Member	Vodafone and Qatar Foundation LLC & Non-Executive
Nick Read	Member	Vodafone and Qatar Foundation LLC & Non-Executive
Richard Daly	Member	Vodafone and Qatar Foundation LLC & Non-Executive

Article 17.1 of the QFMA Corporate Governance Code suggests that a company's Audit Committee should be comprised of at least three members, the majority of whom should be independent. Vodafone Qatar's Board believes the current composition of the Audit Committee is appropriate for its effective operation.

The Audit Committee responsibilities include:

- monitoring the Company's compliance with statutory, legal and regulatory requirements;
- overseeing the relationship with the external auditor;
- engaging independent advisors as it determines is necessary and to perform investigations;
- overseeing the integrity of the Company's accounting and financial reporting, and its systems of internal controls and the Company's risk management process;
- reviewing the scope, extent and effectiveness of the Company's internal audit function; and
- reporting to the Company's Board of Directors on areas of improvement and recommending actions.

Article 17.4 of the QFMA Corporate Governance Code suggests that a company's Audit Committee should meet as required and at least once every three months. Vodafone Qatar's Audit Committee is scheduled to meet twice per year. Vodafone Qatar believes that in conjunction with the existing internal control and risk management processes adopted by the Company and described later in this report, a minimum of two Audit Committee meetings per year is sufficient. Furthermore, additional Audit Committee meetings are held during the year if required.

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

Remuneration Committee

The Remuneration Committee members are as follows:

Board Member	Position	Board Member Type
Abdullah Mohammed Mubarak Al- Khulaifi	Chairman	Independent & Non-Executive
Sheikh Mohammed Bin Abdullah Mohammed Ali Al-Thani	Member	Independent & Non-Executive
Richard Daly	Member	Non-Executive

Article 16.1 of the QFMA Corporate Governance Code suggests that a company's Remuneration Committee be comprised of at least three non-executive Board members, the majority of whom must be independent. Currently, only two of the Remuneration Committee members of the Vodafone Qatar Board are independents. The remaining non-executive member represents Vodafone and Qatar Foundation LLC.

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

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

Article 29.3 of the QFMA Corporate Governance Code states that the Board shall develop remuneration policies and packages that provide incentives for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company.

Vodafone Qatar's Remuneration Committee has been formed to determine remuneration policy for the Company's Senior Executive Management team and not for all Company employees. For all other Company employees, remuneration policy continues to be managed and governed by Vodafone Qatar in accordance with Vodafone Group policy pursuant to the Vodafone Qatar Management Agreement.

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

Nomination Committee

The Nominations Committee members are as follows:

Board Member	Position	Board Member Type
Richard Daly	Chairman	Non-Executive
Steve Walters	Member	Executive

The above Board members were delegated responsibility for ensuring the process for nomination and appointment of new Board members was carried out in accordance with applicable legislation/regulation, the Company's Articles of Association and the requirements of the Ministry of Economy and Commerce. In particular, we refer to:

- Article 15 of the QFMA Corporate Governance Code (relating specifically to the Nomination Committee) which states that nominations and appointments of Board members shall be made according to formal, rigorous and transparent procedures; and

- the requirements laid down in Articles 26 and 27 of Vodafone Qatar's Articles of Association as they relate to the appointment and replacement of directors.

In respect of the period from 23 June 2008 to 3rd June 2013, there was no formal Nomination Committee in place on the basis that the original Board of Directors were appointed for an initial term of 5 years from the date of incorporation of the Company, being 23 June 2008 (see Article 26.4 of Vodafone Qatar's Articles of Association). This, coupled with the provisions contained in the Company's Articles of Association providing a process for the appointment and replacement of directors during this period, removed the need for a Nomination Committee.

Shareholders' Rights

Disclosure

Vodafone Qatar conforms to all disclosure requirements of Article 20 of the QFMA Corporate Governance Code, providing quarterly financial statements prepared in accordance with International Financial Reporting Standards (IFRS) to the Qatar Exchange and Qatar Financial Markets Authority (QFMA) within the deadlines stipulated.

Vodafone Qatar is compliant with Article 21 of the Corporate Governance Code. Shareholders have all the rights conferred upon them by related laws and regulations including the Corporate Governance Code and the Company's by-laws. Further, the Board of Directors ensures that shareholders' rights are respected in a fair and equitable manner.

Vodafone Qatar is compliant with Article 24 of the Corporate Governance Code; the Company's Articles of Association includes provisions to ensure shareholders have the right to call for a General Assembly which is convened in a timely manner. Shareholders have the right to place items on the agenda, discuss matters listed in agenda and to address questions and receive answers.

Vodafone Qatar is compliant with Article 25 of the Corporate Governance Code ensuring equitable treatment of shareholders. All the company's shares are of same class and have the same rights attached to them. Further, proxy voting is permitted in compliance with all QFMA and Ministry of Business and Trade related laws and regulations.

Shareholder Relations

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

The investor relations programme includes:

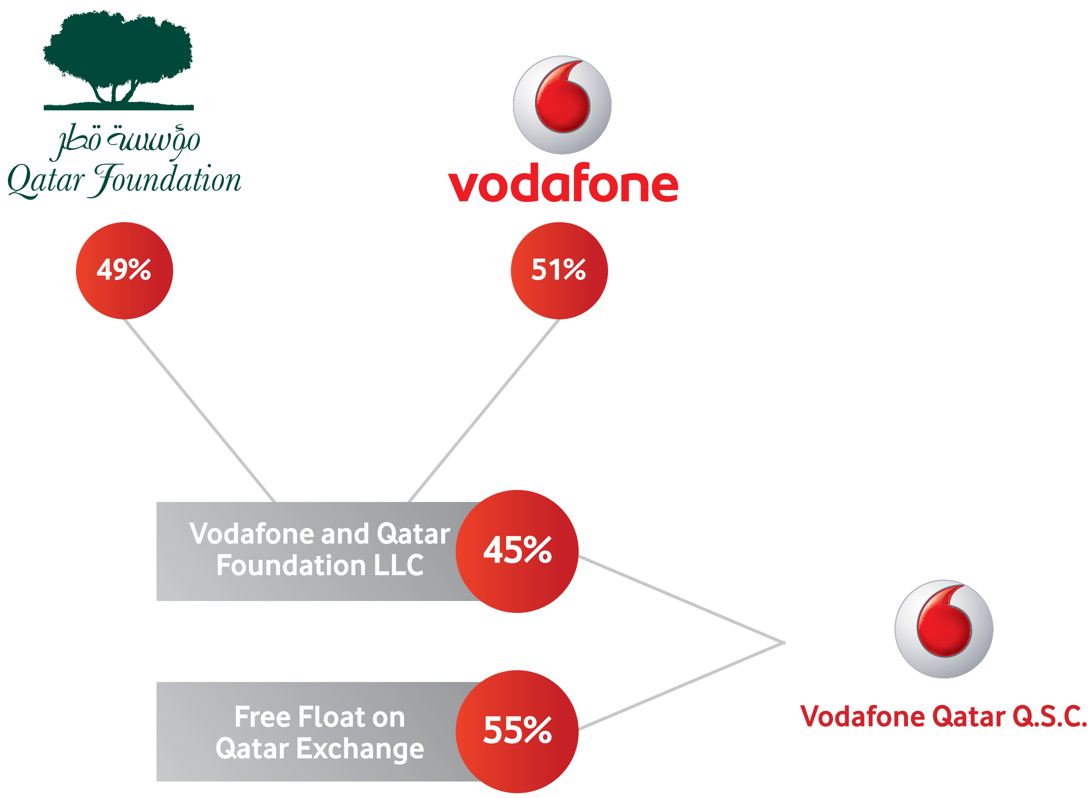
- publication of press releases and presentation of quarterly, half-year and full-year results;
- hosting of the Annual General Assembly meeting which all shareholders are invited to attend through announcements in at least two local daily newspapers;
- publication of the Annual Report detailing the Company's financial statements and annual review of business operations;

- assigning a specialised company for the General Assembly registration process and voting process to ensuring the rights of voting;
- explanation of the dividend policy at every General Assembly Meeting;
- meetings as required between institutional investors and analysts and the Chief Executive Officer and/or Chief Financial Officer to discuss business performance;
- hosting an annual investor and analyst session at which senior executive managers provide an overview of business and financial performance;
- attendance by executive managers at relevant meetings and conferences throughout the year;
- responding to enquiries from shareholders and analysts through the Investor Relations team; and
- www.vodafone.qa/en-ir is the Investor Relations section of our website dedicated to shareholders.

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

Vodafone Qatar is compliant with Article 29 of the QFMA Corporate Governance Code. All shareholders have access to the Company's website www.vodafone.qa/en-ir to view quarterly financial performance, the Annual Report, Corporate Governance Report, Governance Charter, Board Charter, Articles of Associations and biographies of the Company's executive management team.

As at 31 March 2014, Vodafone Qatar's capital structure was:



Stakeholders' Rights

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

Appropriate mechanisms are in place to enable all employees to report to senior management any suspicious behaviour, were such behaviour is unethical, illegal or detrimental to the Company. Employees can report confidentially without the risk of a negative reaction from other employees or the employee's superiors.

Internal Control and Risk Management

Internal Control Processes

The Board has overall responsibility for internal risk management and control processes. Vodafone Qatar has implemented a dedicated compliance programme in accordance with best practice mandated by the Vodafone Group. As part of the compliance programme Vodafone Qatar applies the policies and processes set forth in the Vodafone Group Policy Manual which identifies 24 discrete governance policies designed to ensure that all material financial and business risks are identified and managed appropriately.

The existence and effectiveness of Vodafone Qatar's internal controls and processes to achieve and maintain compliance with the Vodafone Group governance policies is primarily the responsibility of Vodafone Qatar's management and is monitored through compliance and internal audit. Internal audit provides an independent assurance over the internal control system and reports significant issues to the Audit Committee. The internal control system is formally self-assessed by Vodafone Qatar's management on an annual basis using a Key Control Questionnaire (KCQ) and Policy Compliance Review (PCR) which form part of Vodafone Group's global processes and is a function of Vodafone Group's Internal Audit Department.

Internal Audit

Vodafone Qatar's Internal Audit Department is a service provided and supported by Vodafone Group as part of the company's internal governance and compliance framework. The Internal Audit Department provides objective and independent assurance over critical business processes and projects. The Internal Audit Department reviews business and technology processes to identify the risks, review the controls and make recommendations to enable better management of the business by identifying those aspects of the business that could be controlled more effectively.

The Internal Audit team has the independence to report objectively on any function without being constrained by line management. The Internal Audit team monitors and supports key governance structures and activities to ensure ongoing effectiveness. The team also identifies and promotes good business practices and reviews the Company's financial and accounting policies and processes.

The Internal Audit Department provides a detailed report at each Audit Committee meeting, undertaking consultations as required. In addition, Internal Audit operates in co-operation with, and has full access to, the Vodafone Qatar Audit Committee.

As a function provided by the Vodafone Group, the Board considers the Internal Audit Department as being independent from Vodafone Qatar.

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

Article 18.3.5 of the QFMA Corporate Governance Code prescribes that a company's internal audit function should be independent from the day-to-day functioning of the company and suggests reinforcing this independence by having the Board determine compensation of its staff.

As a function provided by the Vodafone Group, the Board considers the Internal Audit Department as being independent from Vodafone Qatar.

External Auditor

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

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

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

Article 19.5 of the QFMA Corporate Governance Code states that a listed company should change its External Auditor every three years; while Article 141 of Commercial Companies Law No. 5 of 2002 states that the period of appointment of the auditors may not exceed 5 years. Vodafone Qatar's Articles of Association (Article 60) is aligned to the Commercial Companies Law and states that an auditor can be appointed for a period not exceeding five consecutive years.

Conflicts of Interest and Insider Trading

Conflicts of Interest

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

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

Anti-Bribery

Vodafone Qatar is committed to implementing and enforcing robust and effective systems to counter bribery. The Company operates to an established and comprehensive framework that is in accordance with Vodafone Group global best practice and designed specifically to manage a number of areas of compliance and business risk.

As part of the anti-bribery program specific actions and measurments are taken to actively to manage identified areas and sources of risk, such as corporate gifts and hospitality. Measures taken include:

- mandatory training for all staff in key positions of responsibility or influence; and

- creating and maintaining an official register in which all employees are required to record all corporate gifts or hospitality whether given or received.

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

Insider Trading

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

Section Eight: Financial Statements

Vodafone Qatar Q.S.C.

Financial statements and independent auditor's report for the year ended 31 March 2014.

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

Report on the financial statements

We have audited the accompanying financial statements of Vodafone Qatar Q.S.C. (the "Company") which comprise the statement of financial position as of 31 March 2014 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes 1 to 26.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The annual financial statements for the year ended 31 March 2013 were audited by another firm of auditors who expressed an unqualified audit opinion in their report dated 3 June 2013.

Report on other legal and regulatory requirements

Further, as required by the Qatar Commercial Companies Law No. 5 of 2002 we report that:

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

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Qatar Commercial Companies Law No. 5 of 2002, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 March 2014.

Mohamed Elmoataz
of PricewaterhouseCoopers

Auditor's registration number 281
Doha, 27 May 2014

Statement of income
For the year ended 31 March 2014

		Year ended 31 March	
	Notes	**2014**	2013
		QR'000	QR'000
Revenue	5	**1,981,760**	1,526,618
Direct costs		**(872,092)**	(689,421)
Other expenses	6	**(613,474)**	(553,228)
Earnings before interest, tax, depreciation and amortisation		**496,194**	283,969
Depreciation	10	**(197,400)**	(157,192)
Amortisation	11	**(519,238)**	(501,413)
Interest income		**394**	494
Financing costs	7	**(25,901)**	(26,577)
Loss before taxation		**(245,951)**	(400,719)
Income tax expense	8	**-**	-
Loss for the year		**(245,951)**	(400,719)
Basic and diluted loss per share (in QR per share)	9	**(0.29)**	(0.47)

Statement of comprehensive income
For the year ended 31 March 2014

		Year ended 31 March	
	Notes	**2014**	**2013**
		QR'000	QR'000
Loss for the year		**(245,951)**	(400,719)
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss:			
Net movement in fair value of cash flow hedges during the year		**-**	(1,073)
Total comprehensive loss for the year		**(245,951)**	(401,792)

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

Statement of financial position
As at 31 March 2014

	Notes	31 March 2014	31 March 2013
		QR'000	QR'000
Non-current assets			
Property, plant and equipment	10	**1,135,687**	1,094,634
Intangible assets	11	**6,136,489**	6,554,721
Trade and other receivables	12	**9,132**	10,598
Total non-current assets		**7,281,308**	7,659,953
Current assets			
Inventories	13	**13,724**	16,623
Trade and other receivables	12	**303,576**	217,558
Cash and cash equivalents	14	**97,401**	161,549
Total current assets		**414,701**	395,730
Total assets		**7,696,009**	8,055,683
Equity			
Share capital	15	**8,454,000**	8,454,000
Legal reserve	16	**19,382**	11,543
Hedging reserve		**-**	-
Distributable profits		**150,864**	1,917
Accumulated losses		**(2,698,488)**	(2,295,751)
Total equity		**5,925,758**	6,171,709
Non-current liabilities			
Long term borrowings	17	**951,066**	1,159,611
Provisions	18	**33,933**	36,110
Trade and other payables	19	**40,897**	36,886
Total non-current liabilities		**1,025,896**	1,232,607
Current liability			
Trade and other payables	19	**744,355**	651,367
Total current liability		**744,355**	651,367
Total liabilities		**1,770,251**	1,883,974
Total equity and liabilities		**7,696,009**	8,055,683

The financial statements were approved by the Board of Directors on 27 May 2014 and were signed on its behalf by:

Dr. Khalid bin Thani bin Abdullah Al-Thani
Chairman

Kyle David Whitehill
Chief Executive Officer

Stephen Charles Walters
Chief Financial Officer

Statement of changes in equity
For the year ended 31 March 2014

	Share capital	Legal reserve	Hedging reserve	Distributable profits	Accumulated losses	Total equity
				QR'000		
Balance at 1 April 2012	**8,454,000**	**11,442**	**1,073**	**-**	**(1,893,014)**	**6,573,501**
Total comprehensive loss for the year						
Loss for the year (note 16)	-	-	-	-	(400,719)	(400,719)
Other comprehensive income:						
Net movement in fair value of cash flow hedges	-	-	(1,073)	-	-	(1,073)
Total comprehensive loss for the year	**-**	**-**	**(1,073)**	**-**	**(400,719)**	**(401,792)**
Transfer to distributable profits (note 16)	-	-	-	2,018	(2,018)	-
Transfer to legal reserve (note 16)	-	101	-	(101)	-	-
Balance at 31 March 2013	**8,454,000**	**11,543**	**-**	**1,917**	**(2,295,751)**	**6,171,709**
Balance at 1 April 2013	**8,454,000**	**11,543**	**-**	**1,917**	**(2,295,751)**	**6,171,709**
Total comprehensive loss for the year						
Loss for the year (note 16)	-	-	-	-	(245,951)	(245,951)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(245,951)**	**(245,951)**
Transfer to distributable profits (note 16)	-	-	-	156,786	(156,786)	-
Transfer to legal reserve (note 16)	-	7,839	-	(7,839)	-	-
Balance at 31 March 2014	**8,454,000**	**19,382**	**-**	**150,864**	**(2,698,488)**	**5,925,758**

Proposed dividend

The Board of Directors has proposed a cash dividend of 1.7% of nominal share value (QR 0.17 per share) totalling to QR 143.7 million. The proposed dividend is subject to approval of shareholders during the Annual General Assembly.

Statement of cash flows
For the year ended 31 March 2014

		Year ended 31 March	
	Notes	**2014**	2013
		QR'000	QR'000
Net cash flows from operating activities	20	**515,960**	326,779
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(243,094)**	(197,970)
Purchase of intangible assets		**(101,006)**	(164,052)
Interest received		**394**	494
Net cash flows used in investing activities		**(343,706)**	(361,528)
Cash flows from financing activities			
Proceeds from long term borrowings		**-**	95,960
Repayment of long term borrowings		**(236,402)**	-
Net cash flows (used in) / from financing activities		**(236,402)**	95,960
Net (decrease) / increase in cash and cash equivalents		**(64,148)**	61,211
Cash and cash equivalents at the beginning of the year		**161,549**	100,338
Cash and cash equivalents at the end of the year	14	**97,401**	161,549

Notes to the Financial Statements for the year ended 31 March 2014

1 Incorporation and principal activites

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

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

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

2 Basis of preparation

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

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

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

Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting year. For a discussion on the Company's critical accounting estimates see "Critical Accounting Estimates" under note 24. 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 in the preparation of the financial statements:

Revenue

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

The Company principally obtains revenue from providing the following telecommunication services: access charges, airtime usage, messaging, interconnect fees, data broadband services and information provision, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

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

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

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue is deferred and recognised over the period in which services are expected to be provided to the customer.

Revenue for device sales is recognised when the device is delivered to the end customer or to an intermediary when the significant risks and rewards associated with the device are transferred. In case of bundled products, the consideration is allocated to each separate unit of accounting based on its relative fair value.

Direct costs

Direct costs include interconnection charges, commission and dealer charges, regulatory costs, cost of equipment sold, bad debt costs and other direct and access costs.

Interconnection costs
Costs of network interconnection with other domestic and international telecommunications carriers are recognised as a direct cost in the statement of income based on the actual recorded traffic minutes.

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

Regulatory fees
The annual license fee and spectrum charges are accrued as direct costs based on the terms of the License Fee Agreement and relevant applicable regulatory framework issued by ictQATAR.

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

Foreign currencies
Transactions in foreign currencies are initially recorded by the Company at the currency rate prevailing at the date of the transaction. Any differences on settlement of the transaction are immediately recognised in the statement of income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Borrowing costs
The borrowing costs incurred on qualifying assets are capitalised being part of cost of construction. All other borrowing costs are recognised on an accrual basis in profit or loss as finance costs during the year in which they arise.

Income tax
Corporate income tax is levied on companies that are not wholly owned by Qataris or any GCC nationals, based on the net profit of the company. The Company is listed on the Qatar Exchange and hence is not subject to income tax.

Property, plant and equipment

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

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

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

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

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

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

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

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

Finite lived intangible assets (including software)
Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in

accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of income on a straight line basis.

Impairment of assets

Property, plant and equipment and finite lived intangible assets

At each end of reporting period date, the Company reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Inventories

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

Employees' end of service benefits

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

Provisions

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

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

Financial assets
Financial assets recognised by the Company include:

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, and call deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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

- the contractual rights to receive cash flows from the asset have expired

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

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

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

Long term borrowings
Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method, except where they are identified as a hedged item in a fair value hedge. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowing.

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

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

Derivative financial instruments and hedge accounting
The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Company's policies approved by the Board of directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The Company designates certain derivatives as either:

- hedges of the change of fair value of recognised assets and liabilities ('fair value hedges'); or
- cash flow hedges.

Fair value hedges
Fair value hedges are used while hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment. The change in the fair value of a hedging derivative is recognised in the statement of income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in statement of income.

Cash flow hedges
Cash flow hedging is used by the Company to hedge certain exposures to variability in future cash flows. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of income. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, or the Company chooses to end the hedging relationship.

Impairment of financial assets
Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For trade receivables, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; (ii) default or delinquency in interest or principal payments; or (iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

4 Segment reporting

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

(a) Description of products and services from which each reportable segment derives its revenue and factors that management used to identify the reportable segments
The Company only operates in Qatar and is therefore viewed to operate in one geographical area. Management also views that its mobile business is the main operating segment of the Company. Fixed line services are reported in the same operating segment as they are currently immaterial to the overall business. The Company does not have customers with the revenues exceeding 10% of the total revenue of the Company.

(b) Measurement of operating segment profit or loss, assets and liabilities
The CODM reviews financial information prepared based on IFRS adjusted to meet the requirements of internal reporting. Such financial information does not significantly differ from that presented in these financial statements.

5 Revenue

	Year ended 31 March	
	2014	2013
	QR'000	QR'000
Revenue from sale of goods and services	**1,972,346**	1,520,716
Other revenue	**9,414**	5,902
	1,981,760	1,526,618

6 Other expenses

	Year ended 31 March	
	2014	2013
	QR'000	QR'000
Employee benefits expense	**184,746**	165,166
Operating lease rentals	**116,105**	119,533
Other expenses	**312,623**	268,529
	613,474	553,228

7 Financing costs

	Year ended 31 March	
	2014	2013
	QR'000	QR'000
Interest on long term borrowings	**24,206**	23,431
Others	**1,695**	3,146
	25,901	26,577

8 Income tax expense

	Year ended 31 March	
	2014	2013
	QR'000	QR'000
Income tax expense	**-**	-

The Company is exempt from paying corporate tax being a listed entity in Qatar Exchange. Further, no deferred tax assets or liabilities have been recognised.

9 Basic and diluted loss per share

	31 March 2014	31 March 2013
Loss for the year (QR '000)	**(245,951)**	(400,719)
Weighted average number of shares (in thousands)	**845,400**	845,400
Basic and diluted loss per share (QR)	**(0.29)**	(0.47)

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

10 Property, plant and equipment

	Furniture and fixtures	Network and equipment	Total
	QR'000	QR'000	QR'000
Cost:			
At 1 April 2012	114,071	1,201,110	1,315,181
Additions	60,401	154,212	214,613
Disposals	(7,156)	(2,794)	(9,950)
At 31 March 2013	**167,316**	**1,352,528**	**1,519,844**
Additions	37,971	205,123	243,094
Disposals	(2,050)	(4,539)	(6,589)
At 31 March 2014	**203,237**	**1,553,112**	**1,756,349**
Accumulated Depreciation:			
At 1 April 2012	37,875	234,472	272,347
Charge for the year	20,422	136,770	157,192
Disposals	(3,458)	(871)	(4,329)
At 31 March 2013	**54,839**	**370,371**	**425,210**
Charge for the year	29,743	167,657	197,400
Disposals	(1,948)	-	(1,948)
At 31 March 2014	**82,634**	**538,028**	**620,662**
Net book value:			
At 31 March 2014	**120,603**	**1,015,084**	**1,135,687**
At 31 March 2013	112,477	982,157	1,094,634

The net book value of property, plant and equipment includes assets in the course of construction amounting to QR 148.4 million (2013: QR 121.2 million), which are not depreciated.

11 Intangible assets

	License fee	Software	Indefeasible right of use	Total
	QR'000	QR'000	QR'000	QR'000
Cost:				
At 1 April 2012	7,726,000	472,035	-	8,198,035
Additions	-	164,052	20,684	184,736
At 31 March 2013	**7,726,000**	**636,087**	**20,684**	**8,382,771**
Additions	-	100,978	28	101,006
At 31 March 2014	**7,726,000**	**737,065**	**20,712**	**8,483,777**
Accumulated amortisation:				
At 1 April 2012	1,175,742	150,895	-	1,326,637
Charge for the year	402,737	97,527	1,149	501,413
At 31 March 2013	**1,578,479**	**248,422**	**1,149**	**1,828,050**
Charge for the year	402,737	115,120	1,381	519,238
At 31 March 2014	**1,981,216**	**363,542**	**2,530**	**2,347,288**
Net book value:				
At 31 March 2014	**5,744,784**	**373,523**	**18,182**	**6,136,489**
At 31 March 2013	6,147,521	387,665	19,535	6,554,721

The net book value of software includes software under development amounting to QR 62.7 million (2013: QR 59.1 million), which are not amortised.

12 Trade and other receivables

	31 March 2014	31 March 2013
	QR'000	QR'000
Non-current assets:		
Prepayments	**9,132**	10,598
Current assets:		
Trade receivables – net	**140,472**	138,140
Prepayments	**20,284**	24,970
Due from related parties (note 21)	**114,720**	16,149
Accrued revenue receivables	**5,453**	4,113
Other receivables	**22,647**	34,186
	303,576	217,558

Trade receivables include provision for impairment amounting to QR 55.6 million (2013: QR 32.6 million), for which details are provided in note 22.

13 Inventories

	31 March 2014	31 March 2013
	QR'000	QR'000
Goods held for resale	**13,724**	16,623
Inventory is reported net of allowance for obsolescence, an analysis of which is as follows:		
At 1 April	**3,514**	2,761
Amounts (released) /charged to statement of income	**(813)**	753
At 31 March	**2,701**	3,514

14 Cash and cash equivalents

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

	31 March 2014	31 March 2013
	QR'000	QR'000
Cash at bank and on hand	**97,401**	161,549

15 Share capital

	31 March 2014		31 March 2013	
	Number	QR'000	Number	QR'000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QR 10 each	**845,400,000**	**8,454,000**	845,400,000	8,454,000

16 Legal and distributable reserve

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

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 Article 69(a) of the Articles of Association of the Company, 5% of annual distributable profits should be transferred to a separate legal reserve. The General Assembly may discontinue this deduction if the legal reserve reaches 10% of the paid up capital.

Distributable profits:

As per Article 69 of the Articles of Association of the Company, distributable profits are defined as the net profit/loss for the financial year plus amortisation of license fees for the year.

	Year ended 31 March 2014		Year ended 31 March 2013	
	QR'000	**QR'000**	QR'000	QR'000
Balance at beginning of the year		**1,917**		-
Net loss for the year	**(245,951)**		(400,719)	
Amortisation of license fee	**402,737**		402,737	
Distributable profits		**156,786**		2,018
Transfer to legal reserve		**(7,839)**		(101)
Balance at year end		**150,864**		1,917

17 Long term borrowings

	31 March 2014	31 March 2013
	QR'000	QR'000
Loan from Vodafone Investments Luxembourg SARL	**951,066**	1,159,611

The Company has three credit facilities totalling to USD $330 million (QR 1,201.6 million) from Vodafone Investments Luxembourg SARL at variable interest rates. The Company has drawn down USD $ 261.2 million (QR 951.1 million) from these facilities as at 31 March 2014.

The Company refinanced a maturing loan as at 31 March 2014 amounting to USD 120 million. The long term borrowings bear an average effective interest rate of 2.34% annually (2013: 2.38%).

18 Provisions

	31 March 2014	31 March 2013
	QR'000	QR'000
Asset retirement obligations	**5,902**	17,678
Employee's end of service benefits (note 18.1)	**15,365**	10,666
Other provisions	**12,666**	7,766
	33,933	36,110

18.1 Employee's end of service benefits

	Year ended 31 March	
	2014	2013
	QR'000	QR'000
At 1 April	**10,666**	8,233
Charge for the year	**6,861**	4,354
Payments during the year	**(2,162)**	(1,921)
	15,365	10,666

19 Trade and other payables

	31 March 2014	31 March 2013
	QR'000	QR'000
Non-current liabilities:		
Supplier retentions	**40,897**	36,886
	40,897	36,886
Current liabilities:		
Trade payables	**227,809**	200,140
Accruals and deferred income	**458,872**	404,497
Other payables	**2,354**	111
Due to related parties (note 21)	**55,320**	46,649
	744,355	651,397

20 Reconciliation of net cash flows from operating activities

	Year ended 31 March	
	2014	2013
	QR'000	QR'000
Net loss for the year	**(245,951)**	(400,719)
Adjustments for:		
Depreciation and amortisation	**716,638**	658,605
Finance costs	**25,901**	26,577
Interest income	**(394)**	(494)
Decrease / (increase) in inventories	**2,899**	(4,728)
Increase in trade and other receivables	**(84,552)**	(45,663)
Increase in trade and other payables	**92,884**	54,467
Increase in provisions	**8,535**	38,734
Net cash flow from operating activities	**515,960**	326,779

21 Related party transactions

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

The following transactions were carried out with related parties:

	Year ended 31 March	
	2014	2013
	QR'000	QR'000
Sales of goods and services		
Vodafone Group Plc controlled entities	**6,745**	3,730
Purchases of goods and services		
Vodafone Group Plc controlled entities	**80,367**	64,969
Interest on long term borrowing		
Vodafone Group Plc controlled entities	**24,788**	26,285

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

	31 March 2014	31 March 2013
	QR'000	QR'000
Receivables from related parties		
Vodafone Group Plc controlled entities	**114,720**	16,149
Payables to related parties		
Vodafone Group Plc controlled entities	**55,320**	46,649
Loans from a related party		
Loans from Vodafone Investment SARL	**951,066**	1,159,611
Compensation of key management personnel		
Salaries and short-term benefits	**22,875**	18,331
Employees' end of service benefits	**1,173**	881
	24,048	19,212

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest. No impairment losses were recognised for balances due from related parties during the year (2013: nil). The payables to related parties arise mainly from purchase transactions and bear no interest. Loans from related parties bear interest at variable rates.

22 Financial instruments and risk management

Capital management

The following table summarises the capital structure of the Company:

	31 March 2014	31 March 2013
	QR'000	QR'000
Cash and cash equivalents	**(97,401)**	(161,549)
Borrowings	**951,066**	1,159,611
Net debt	**853,665**	998,062
Total equity	**5,925,758**	6,171,709
Gearing ratio	**14.4%**	16.2%

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's policy is to borrow long term facilities from its related parties to meet anticipated funding requirements.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt or increase its borrowings from related parties.

Categories of financial instruments

	31 March 2014	31 March 2013
	QR'000	QR'000
Loans and receivables:		
Cash and cash equivalents	**97,401**	161,549
Trade and other receivables (excluding prepayments)	**283,292**	192,588
Other financial liabilities at amortised cost:		
Trade and other payables (excluding accruals and deferred income)	**326,380**	283,786
Long term borrowings	**951,066**	1,159,611

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

During the year the Company has entered into a number of foreign exchange forward contracts to hedge its exposure to currency fluctuations. The notional values of forward contracts outstanding as at 31 March 2014 amounted to EUR 9.7 million (2013: EUR 6 million). These derivative instruments are recognised as fair value hedges at fair value through profit or loss, which were valued at insignificant values at the year end.

Interest rate risk management

Under the Company's interest rate management policy, interest rates on monetary assets and liabilities are maintained on a floating rate basis. For every one percent rise or fall in market interest rates in which the Company had borrowings at 31 March 2014 there would be an increase or reduction in the total loss for the financial year before tax of QR 9.5 million (2013: increase or reduction by QR 11.6 million).

Credit risk management

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

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

	31 March 2014	31 March 2013
	QR'000	QR'000
At 1 April	**32,558**	21,992
Amounts charged to income statement	**23,007**	10,566
At 31 March	**55,565**	32,558

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

	31 March 2014	31 March 2013
	QR'000	QR'000
0 – 30 days	**113,640**	114,987
31 – 60 days	**22,663**	16,143
61 – 90 days	**4,169**	7,010
Over 90 days	**55,565**	32,558
	196,037	170,698

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 was:

	Carrying amount	
	31 March 2014	31 March 2013
	QR'000	QR'000
Cash and cash equivalents	**97,401**	161,549
Trade and other debit balances (excluding prepayments)	**283,292**	192,588
	380,693	354,137

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

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has secured additional borrowing facilities from Vodafone Investments Luxembourg SARL which the Company has at its disposal to further reduce liquidity risk.

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

	At 31 March 2014	
	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables	**285,483**	**40,897**
Long term borrowings	**-**	**951,066**

	At 31 March 2014	
	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables	246,900	36,886
Long term borrowings	-	1,159,611

Fair value of financial instruments

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

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

  At year-end, no financial assets or liabilities were measured at fair value, except for the fair value hedges. The carrying value of financial assets and financial liabilities classified as current assets or current liabilities in the statement of financial position at year-end approximates its fair value due to its shorter maturities.

All financial assets and liabilities are classified as Level 3, except for fair value hedges, which are classified as Level 2.

23 Commitments and contingent liabilities

Commitments

Operating lease commitments
The Company has entered into commercial leases on certain properties, network infrastructure, motor vehicles, and items of equipment. The leases have various terms, escalation clauses, and renewal rights, none of which are individually significant to the Company. Future lease payments comprise:

	31 March 2014	31 March 2013
	QR'000	QR'000
Within one year	**118,482**	120,406
In more than one year but less than two years	**72,150**	66,843
In more than two years but less than three years	**65,423**	62,837
In more than three years but less than four years	**53,563**	61,914
In more than four years but less than five years	**42,174**	60,625
In more than five years	**448,292**	447,469
	800,084	820,094

Capital commitments

	31 March 2014	31 March 2013
	QR'000	QR'000
Contracts, placed for future capital expenditure not provided for in the financial statements	**196,481**	76,593

Contingent liabilities

	31 March 2014	31 March 2013
	QR'000	QR'000
Performance bonds	**24,566**	24,569
Credit guarantees – third party indebtedness	**900**	900

Performance bonds

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

Credit guarantees – third party indebtedness

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

24 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Impairment reviews

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

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

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

The Company prepares and Vodafone Group approves formal five year plans for its business and the Company uses these as the basis for its impairment reviews.

In estimating the value in use, the Company uses a discrete period of 5 years where a long term growth rate into perpetuity has been determined as the lower of:

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

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and, hence, results. The discount rate used in the most recent value in use calculation in the year ended 31 March 2014 was 10.1% (2013: 10.4%) and the long-term growth rate was 4.3% (2013: 5.3%).

Should the pre-tax discount rate applied in the model, having other inputs constant, be increased by 3.9%, the model would suggest to recognise an impairment provision, since recoverable amount would be lower than carrying amount of intangible assets and property, plant and equipment.

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

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

Revenue from selling the right to use preferred numbers and acquisition revenue and costs are amortised over a two year period which represents the estimated useful life of the customer.

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

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

Property, plant and equipment
Property, plant and equipment represent a significant proportion of the asset base of the Company being 14.8% (2013: 13.6%) of the Company's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

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

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

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

Impairment of inventories

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

Asset retirement obligation

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

25 Adoption of new and revised accounting standards

New and amended standards adopted by the Company

The following standards are effective for the first time for the financial year beginning on or after 1 January 2013 and have no material impact on the Company:

- IFRS 10 "Consolidated Financial Statements" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 "Joint Arrangements" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 "Disclosure of Interests in Other Entities" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 "Fair Value Measurement" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IAS 27 "Separate Financial Statements" (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IAS 28 "Investments in Associates and Joint Ventures" (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 1 "Presentation of Financial Statements" (issued in June 2011, effective for annual periods beginning on or after 1 July 2012).
- Amended IAS 19 "Employee Benefits" (issued in June 2011, effective for periods beginning on or after 1 January 2013).
- "Disclosures - Offsetting Financial Assets and Financial Liabilities" - Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013).
- Improvements to International Financial Reporting Standards (issued in May 2012 and effective for annual periods beginning on or after 1 January 2013).
- "Transition Guidance Amendments to IFRS 10, IFRS 11, and IFRS 12" (issued in June 2012 and effective for annual periods beginning 1 January 2013).
- Other revised standards and interpretations: IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" considers when and how to account for the benefits arising from the stripping activity in mining industry. The interpretation did not have an impact on the Company's financial statements.
- Amendments to IFRS 1 "First-time adoption of International Financial Reporting Standards - Government Loans", which were issued in March 2012 and are effective for annual periods beginning 1 January 2013, give first-

time adopters of IFRSs relief from full retrospective application of accounting requirements for loans from government at below market rates. The amendment is not relevant to the Company.

New standards and interpretations not yet adopted

Below are other IFRSs or IFRIC interpretations that are not yet effective that would not be expected to have a material impact on the financial statements of the Company:

- IFRS 9, Financial Instruments.
- Amendments to IAS 32, 'Financialinstruments: Presentation' (effective annual periods beginning on or after 1 January 2014).
- Amendments to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective annual periods beginning on or after 1 January 2014).
- Amendments to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting (effective annual periods beginning on or after 1 January 2014).
- IFRIC 21 'Levies' (effective annual periods beginning on or after 1 January 2014).

26 Reclassification of comparative figures

The below amounts reported during the comparative period have been reclassified, to preserve comparability with the current year presentation:

	Reported in 2013	Reclassification	As reclassified
	QR'000	QR'000	QR'000
Statement of income			
Depreciation - note (a)	(254,719)	97,527	(157,192)
Amortisation - note (a)	(403,886)	(97,527)	(501,413)
Statement of financial position			
Property, plant and equipment - note (a)	1,482,299	(387,665)	1,094,634
Intangible assets - note (a)	6,167,056	387,665	6,554,721
Provisions - note (b)	10,666	25,444	36,110
Trade and other payables (non-current) - note (b)	54,564	(17,678)	36,886
Trade and other payables (current) - note (b)	659,133	(7,766)	651,367

(a) Software, which was earlier classified as property, plant and equipment has been reclassified to intangible assets.
(b) Provision for asset retirement obligation and other provisions which were included in trade payable are reclassified to provisions.

These reclassifications do not have an impact on the net profits or total equity of the Company reported during the previous year.

Section Nine:
Glossary and Disclaimer

Glossary

Distributable Profits

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

ARPU

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

Capital Intensity

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

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation.

EBITDA Margin

EBITDA divided by revenue for the financial year.

Fixed Licence

The second fixed public telecommunications networks and services licence in the State of Qatar.

Qnbn

Qnbn or Qatar National Broadband Network was established by the Government with a mandate to accelerate the rollout of a nationwide, open and accessible high-speed broadband Fibre to the Home (FTTH) network.

Mobile Licence

The second public mobile telecommunications networks and services licence in the State of Qatar.

ROTA

Reach Out To Asia is a charity initiative founded in Qatar in 2005 under the auspices of the His Highness, the Emir Sheikh Tamim bin Hamad Al-Thani and guided by Her Excellency Sheikha Mayassa bint Hamad Al-Thani.

The ROTA charity focuses primarily on community development projects in Asia with specific emphasis on promoting global responsibility for basic, quality primary education.

Disclaimer

This constitutes the annual report of Vodafone Qatar Q.S.C. ("Vodafone Qatar") for the year ended 31 March 2014 and is dated 18 June 2014. The content of the company's website (www.vodafone.qa) should not be considered to form part of this annual report.

In the discussion of Vodafone Qatar's reported financial position, operating results and cash flow for the year ended 31 March 2014, the material is presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information is not uniformly defined by all companies, including those in Vodafone Qatar's industry. Accordingly, it may not be comparable with similarly-named measures and disclosures by other companies.

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

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

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

Vodafone, the Vodafone logo and Vodafone Mobile Broadband are trademarks of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.

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