The future looks great

Making a world of difference for all people in Qatar

Vodafone Qatar
Annual Report 2010 – 2011

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar

His Highness
Sheikh Tamim Bin Hamad Al-Thani
The Heir Apparent

Contents

Disclaimer

This constitutes the annual report of Vodafone Qatar Q.S.C. ("Vodafone Qatar") for the year ended 31 March 2011 and is dated 25 May 2011. The content of the company's website (www.vodafone.com.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 2011, 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, Vodafone Mobile Broadband and Vodafone Money Transfer are trade marks of the Vodafone Group. Other product and company names mentioned herein may be the trade marks of their respective owners.

In memoriam: Grahame Maher

In the early hours of Tuesday 2 November 2010, Vodafone Qatar suffered a tremendous loss with the passing of our Chief Executive Officer, Grahame Maher. Our loss was a great one, shared by all of our partners, shareholders, customers, associates and friends – all of the Vodafone family that Grahame created. Indeed, it is a loss to all of the people of Qatar.

Grahame's vision for Vodafone Qatar was an organisation where everyone can communicate with anyone, where hierarchy is replaced by an active environment of collaboration and coaching. He encouraged openness and transparency, and every day challenged all of those around him to live in accordance with their higher purpose and values.

He was the living example of this belief, spending part of every day coaching staff at all levels, always ready despite his busy schedule to mentor and motivate, to challenge and inspire. He was a man who lived life to the full and with utmost passion; an active cyclist and runner, a man who rose from humble backgrounds in his native Australia to lead some of the highest-performing organisations in the world.

Grahame spent over 15 years leading Vodafone operations across the globe with great distinction; New Zealand, Australia, Sweden, Czech Republic and Qatar. Grahame's achievements won recognition in the wider business community as well: in December 2010 Grahame was posthumously awarded "Businessman of the Year" at the Arabian Business Achievement Awards.

Grahame was a leader who will be missed at every level of our organisation, because regardless of role or rank, we all shared a personal relationship with Grahame – after all, he made it a point to know each of us personally, and to make time for all of us.

Truly great organisations, Grahame always said, care about something more important than just making money. Grahame made certain that Vodafone Qatar would become such an organisation. This was reiterated by his successor, John Tombleson, to over 300 colleagues gathered in mourning the week of Grahame's death. The company he leaves behind forms what he dedicated his life to creating: a purpose-based organisation.

We are grateful to have shared in what Grahame believed and created, and we are committed to continuing his legacy. This is how Vodafone Qatar will remember a great leader, in exactly the manner he would have wished: by continuing to make a world of difference for all people in Qatar.

Executive summary

Chairman's statement

Dear Shareholders
It is my pleasure to introduce you to Vodafone Qatar's second annual report detailing our financial results and business performance for the year ended 31 March 2011. This year was shadowed by the sudden and tragic passing of our chief executive, Grahame Maher, on 2 November 2010. Whilst Grahame was instrumental in shaping Vodafone Qatar, he was well supported by a skilled and competent executive management team who are committed to evolving Grahame's vision and creating a uniquely Vodafone and Qatari telecommunications company. The Board of Directors asked John Tombleson, Chief Financial Officer, to stand in as Acting Chief Executive Officer whilst a successor is sought. On behalf of the Board, I would like to extend our gratitude to John for immediately assuming the role under very difficult circumstances; he has done an excellent job at leading our Company over the last seven months.

Performance

We have made great strides this year, delivering impressive customer and revenue growth. This financial year Vodafone Qatar gained 291,805 customers (or 134% of all net adds in the market) to reach 756,767 customers at 31 March, representing 63% growth over the year.

Revenue for the full year was QAR 934.9 million which is an increase of 159% over last year; this is Vodafone Qatar's first full financial year of operations. Average revenue per user (ARPU) has also improved; ARPU for the March quarter was QAR 115, which is an improvement of 14% compared to one year ago. ARPU has been increasing as we begin to expand into different customer segments.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the full year was a loss of QAR (27.1) million, a significant improvement over last year's EBITDA loss of QAR (225.3) million. EBITDA for the six months ended 31 March was QAR 4.8 million, and we expect to grow our EBITDA profitability into the future.

Overall Net Loss has improved by 10.8% compared to last year. This is a smaller improvement compared to EBITDA and is due to non-cash amortisation of the QAR 7.7 billion mobile licence fee which is included in the overall net loss figure but not EBITDA.

Innovating for Qatar's future

Vodafone Qatar is committed to providing innovative products and services for the people of Qatar, supporting His Highness The Emir's Vision 2030. With the launch of Vodafone Money Transfer, we have started the journey to provide Qatar's unbanked population with a revolutionary new way to send money home to their families directly from their mobile phone.

Fixed line

We were awarded the country's second public fixed telecommunications networks and services licence (fixed line licence) meaning that Vodafone Qatar will eventually be transformed into a full service telecommunications company offering a full range of products and services to all people in Qatar. Residents of The Pearl were the first to experience our fixed telecommunications offerings with the launch of broadband in May 2010.

As announced by ictQATAR in March 2011, the Government is to invest in a nationwide, open and accessible high-speed broadband Fibre to the Home (FTTH) network by 2015. The Qatar National Broadband Network (Q.NBN), as stated by Dr Hessa Al-Jaber Secretary General of ictQATAR, is "a bold step forward in Qatar's drive to be a leading knowledge economy", and Vodafone Qatar is proud to be working closely with the Q.NBN as part of our provision of fixed telecommunications services in Qatar.

The Board

In January 2011, Sheikh Hamad Nasser Al-Thani resigned from the Board to focus on his other commitments and responsibilities; we are grateful to Sheikh Hamad for his contribution to the Board. It was a privilege to welcome Sheikh Abdullah Bin Hamad Bin Khalifa Al-Thani who was appointed as his replacement and Alison Wilcox, Vodafone Group's Regional HR Director who was also appointed to the Board in January 2011 to replace Grahame Maher. Both Sheikh Abdullah and Alison were appointed to the Board as representatives of Vodafone and Qatar Foundation LLC.

Creating a Better World

At Vodafone Qatar we take corporate social responsibility very seriously. We have established our own charter, Better World, to define how Vodafone Qatar can help make the world a better place in everything we do.

- Through the Vodafone Qatar Charitable Fund we are able to support local charities; this year Reach Out To Asia (ROTA) used USD 2.5 million of our donation to provide support to educational projects in Qatar, Nepal and Indonesia.
- Our inaugural, highly successful World of Difference programme supported four people to work for one year on local projects during 2010.
- From our "Get Together" campaign we have now committed over QAR 2.5 million towards building a park for everyone in Qatar to enjoy.

Summary

On behalf of the Board, I would like to thank all our employees and our partners for their contribution in making our company successful. It has been a phenomenal year of achievements and the future looks great for Vodafone Qatar.

All thanks and appreciation to His Highness Sheikh Hamad bin Khalifa Al-Thani, the Emir of the State of Qatar and His Highness Sheikh Tamim bin Hamad Al-Thani, the Heir Apparent for their support of Vodafone Qatar and the communications sector in Qatar.

Abdulrahman bin Saud al-Thani
Chairman

Chief Executive's review

Dear Shareholders

In November 2010 it was my honour to assume the leadership of Vodafone Qatar, an organisation that I had helped build for the past three years since its first days as a second mobile operator in the nation of Qatar. It was an honour touched with sadness, as it came with the unexpected passing of my close friend Grahame Maher, the former Chief Executive of Vodafone Qatar.

Grahame's leadership was about empowering organisations, inspiring their leaders, promoting transparency in their dealings, and encouraging collaboration at all levels. I know that Grahame would now share my pleasure in presenting to you an organisation driven by purpose and guided by shared values, an organisation committed to delivering results and exceeding expectations whilst making a real difference here in Qatar.

This year we identified five key strategies to help us deliver on our purpose to make a world of difference for all people in Qatar:

1. Aggressively compete to grow in all segments
2. Really deliver an awesome customer experience
3. Actively develop all talent and be the role model for Qatarisation
4. Bravely take a few risks on cool new stuff
5. Partner with the Government to provide superfast broadband for all

1. Aggressively compete to grow in all segments

Vodafone continued its pattern of record growth by widening its appeal to customers throughout Qatar by bringing state-of-the-art mobile devices and through the launch of our postpay Vodafone Business World. We continued to excite, surprise and delight the people of Qatar with increasing value and great offers, both when calling within Qatar and abroad. At 31 March we had 756,767 customers or 45% of the population of Qatar using Vodafone's services. In the March quarter, mobile revenue market share was calculated at 22.9% following a change in the competition's revenue accounting methodology. Over the last year average revenue per user (ARPU) has increased as we attract new customer segments.

2. Deliver an awesome customer experience

Our call centre, which provides customer service in five languages, was recognised as "Call Centre of the Year 2010" at the INSIGHTS Middle East Call Centre Awards. Our mobile network provides 100% 2G coverage across Qatar and 99% 3G population coverage. There were significant improvements to the capacity and coverage of our mobile network this year, with more to come. We have committed to further investments next financial year and with the cooperation of the municipalities we soon expect to provide a world class network experience for our customers.

We are also investing more capital in our information technology systems which will allow us to extend our postpay billing capability from business to consumers.

Through the Vodafone Netherlands roaming replicator agreement, we are able to offer our customers the ability to roam in 197 countries. We are looking to further improve on the roaming experience by increasing the number of direct agreements we have with individual telecom operators around the world; currently we have 24 direct bilateral agreements in 20 countries.

3. Talent development and Qatarisation

As a company, we are fully committed to the development of our people and attracting talented people to join us, with a particular focus on Qatari nationals. In the last year, 65 of our employees (17%) achieved an internal career move; a great indication that you can grow your career with Vodafone Qatar. Our internship programme, which was granted the "Shukran" award by Texas A&M University in Qatar for the most innovative internship programme, coupled with our two-year graduate programme is designed to attract talented Qataris. The Al-Johara sales channel was launched in August 2010 and has become a bigger success than we could have imagined. Consisting of 21 Qatari women, we are proud to be able to provide a meaningful career for women who were not in the workforce, with the opportunity to reach a previously untapped customer segment.

At year end we reached 12% Qatarisation, and we are fully committed to increasing Qatari representation throughout all levels within Vodafone Qatar, especially in our senior leadership team. Further, 44% of our company are either current long-term residents of Qatar or those who intend to stay in Qatar for the long term.

This combination of Qatari nationals, long-term residents, and talented professionals from other Vodafone companies will provide the benefits of being part of a global company with strong local roots.

4. Taking some risks on cool new stuff

Vodafone Money Account has transformed the mobile phone in Qatar to a cross between a bank account (from which funds can be transferred and deposits made) and a wallet (which can produce payments for goods and services). The launch of the first capability, Vodafone Money Transfer, will revolutionise the way that Qatar's unbanked expat workers send money home to their families. The service was initially launched to the Philippines in November 2010, and we will be rolling this service out to a wide range of international destinations in 2011.

5. Partner with the Government to provide superfast broadband

Since Vodafone Qatar was awarded the second fixed line licence in April 2010, we started the journey to provide fixed line services to Qatar by launching broadband services to residents of The Pearl. We are in the process of investing and deploying a converged fixed and mobile core network and fibre backhaul and transmission throughout the country. We will be a customer of the Qatar National Broadband Network (Q.NBN) which will be the last mile fibre wholesale network, with a goal of ensuring that 95% of all households get high-speed broadband access by 2015. The Q.NBN will be an important partner, providing passive fibre network infrastructure which Vodafone Qatar will use as part of our provision of fixed telecommunications services in Qatar.

Dividends

Vodafone Qatar's ability to pay dividends to our shareholders, as outlined in the IPO prospectus, is dependent on the Company having sufficient distributable reserves and subject to the decision of the shareholders at the General Assembly. Dividends will not be recommended to be paid in this financial year.

Future prospects

We expect to continue growing our customer base and resources, and to further increase our profitability. We will make further capital investments so that we can continue to build a world class network to provide consistent and reliable service to our customers.

Summary

We have had a great year of customer growth; we continue to offer a superior customer service experience, and we will not waver in pursuit of our goals. We will continue to honour the faith of our shareholders, the support of the Vodafone Group, and the memory of those who have helped us become the company we are today.

Shukran for being part of our journey as we work to make a world of difference for all people in Qatar.

John Tombleson
Acting Chief Executive Officer

The year in numbers

756,767
customers at 31 March 2011

45%
of the population of Qatar using Vodafone's services

291,805
customers acquired this year

100%
2G geographic coverage

99%
3G population coverage

417
outdoor cell sites

101
indoor building solutions

17
camouflaged cell sites (9 mosques, 4 minarets and 4 camouflaged rooftops)

16
sites granted planning permission last year

128
new cell sites to be added this financial year

Over 1.5 billion
minutes carried on our network this year

197
the number of countries our customers can roam to

376
employees

42
nationalities amongst our staff

65
people achieved an internal career move this year

21
Al-Johara Qatari saleswomen

1.2 million
visits to the website www.vodafone.com.qa

7.7 million
website page views

5 mins 30 seconds
average time spent on our website

72,000
Facebook™ and Twitter followers

3 million
calls to the call centre this year

81.38%
of calls answered within 20 seconds

91%
of our calls are resolved within the first call

5
official languages in the call centre – Arabic, Hindi, Malayalam, Tagalog and English

12
spoken languages across our Retail and Care Champions

15,856
iPhones sold

12,356
VF150 handsets sold (lowest cost device on the market)

10
Vodafone retail stores

2,200
distribution outlets

QAR 1,050,000
total WCC prize money awarded

105
lives changed through WCC Grand Prize winnings

2,500
people fed each day in Ramadan Iftar Tents with Qatar Charity in 2010

200
students supported in Indonesia through a three-year scholarship programme in partnership with ROTA

Vodafone Qatar key dates

- Company incorporated on 22 June 2008
- Awarded second mobile licence on 29 June 2008
- Mobile network switched on 1 March 2009
- Fully subscribed IPO completed on 26 April 2009
- Commercial mobile launch (online) 7 July 2009
- Listed on Qatar Exchange 22 July 2009
- Red prepay launch 9 September 2009
- Awarded second fixed licence on 29 April 2010
- Commercial fixed line broadband launch at The Pearl 14 July 2010
- Launch of Vodafone Money Transfer service to the Philippines 29 November 2010

Governance

Board of Vodafone Qatar

Sheikh Abdulrahman bin Saud al-Thani (Chairman)

His Excellency Sheikh Abdulrahman bin Saud al-Thani was appointed as Chairman of the Board of Directors on 24 August 2008, after becoming a Board member on 26 June 2008. His Excellency is Minister of State since 20 March 2011 after holding other important positions such as the Chief of the Amiri Diwan, Private Secretary to H.H. the Emir, and Qatar's Ambassador to the United States of America. H.E. Sheikh Abdulrahman bin Saud al-Thani is co-chair of the Joint Advisory Board of School of Foreign Services – Georgetown University Qatar, Member of Trusteeship Board of Qatar Museum Authority, Member of Trusteeship Board of Institution of Palestine Studies – Beirut and Member of Board of Advisor of the Center of Contemporary Arabic Studies – Georgetown University Washington.

H.E. Sheikh Abdullah Bin Hamad Bin Khalifa Al-Thani

A member of the Board since 11 January 2011 (appointed by Vodafone and Qatar Foundation LLC). Sheikh Abdullah, a graduate from Georgetown University, is also a member of the Board of Directors of the International Bank of Qatar (IBQ) and President of Al Rayyan Football Club.

Mr Rashid Fahad Al-Naimi

A member of the Board since 26 June 2008 (appointed by Vodafone and Qatar Foundation LLC) and a member of the Board of Managers of Vodafone and Qatar Foundation LLC. Mr Al-Naimi is the Vice President, Administration, of Qatar Foundation. Furthermore, he represents Qatar Foundation across a number of boards, committees and in addition to Vodafone Qatar. Mr Al-Naimi is currently the residing Chairman for QMDI, MEEZA, MAZAYA, Gulf Bridge International and Knowledge Ventures; he is also a Board member of Al Mannai Company, Msheireb Properties and Qatar Solar Technologies.

Mr Abdulla bin Nasser Al-Misnad (Vice Chairman)

A member of the Board since 26 May 2009 (appointed by the Public Shareholders). Mr Al-Misnad was appointed as Vice Chairman of the Board on 11 January 2011. Mr Al-Misnad is the Chairman & Managing Director of Al Misnad Holding Company which has been involved in private sector businesses since the 1950s. The Al Misnad Holding Company owns and manages several companies with diverse business activities that promote economic growth and development of the State of Qatar. Mr Abdulla Al-Misnad is also Chairman of Al Khalij Holding Company, Vice Chairman of Al Khaliji Bank, Vice Chairman of Malomatia and a Member of the Board of Directors of the Qatari Businessman Association and Qatar Financial Markets Authority.

Ms Aisha Mohammed Saad Al-Nuaimi

A member of the Board since 26 May 2009 (appointed by the Public Shareholders). Ms Al-Nuaimi is currently Investment Director of the General Retirement and Social Insurance Authority (GRSIA) and has previously held senior finance positions at QAFCO and Qatar National Bank. Ms Al-Nuaimi holds an MBA from the University of Qatar and a PhD from the University of London – Under Preparation. In addition to Vodafone Qatar, Ms Al-Nuaimi is a member of the Board of Directors of Barwa Bank, Naqilat, Qatar Finance House, Nuzul Holding (Bahrain) and Al Soor for Finance and Leasing (Kuwait).

Mr John Tombleson

A member of the Board since 24 August 2008 (appointed by Vodafone and Qatar Foundation LLC) and Acting Chief Executive Officer. John initially joined Vodafone Qatar as Chief Financial Officer in June 2008. Previously from Vodafone New Zealand, John held senior finance roles for five years including CFO of the fixed line business and Acting CFO of the mobile business. John was also a board member of Vodafone Fiji. Following Grahame Maher's passing on 2 November 2010, the Board of Vodafone Qatar asked John to assume the position of Acting CEO whilst the Board considered the longer-term succession plan. John is not on the Board of any other companies.

Mr Matthew Harrison-Harvey

A member of the Board since 26 June 2008 (appointed by Vodafone and Qatar Foundation LLC). He is also the Company Secretary of the Board. Matthew is Vodafone Qatar's Legal, Regulatory and External Affairs Director. Prior to joining Vodafone Qatar, he held regulatory and public policy roles in relation to Vodafone Group's investments in Europe, Africa, the Middle East and Asia since 1999. Matthew is not on the Board of any other companies.

Mr Nick Read

A member of the Board since 9 October 2008 (appointed by Vodafone and Qatar Foundation LLC). Nick is Vodafone Group's Regional CEO for Africa, Middle East & Asia Pacific Region. Prior to this role, he was CEO of Vodafone UK. Prior to joining Vodafone Group, he was the CFO of Miller Freeman Worldwide and the CFO for the EMEA (Europe, Middle East and Africa) Region for Federal Express Inc. Nick is also a Board Member of Indus Towers Limited, Vodafone Egypt Telecommunications S.A.E., Safaricom Limited, Vodacom Group Limited, Vodafone Essar Limited and Chairman of Vodafone Hutchison Australia Limited.

Mrs Alison Wilcox

A member of the Board since 11 January 2011 (appointed by Vodafone and Qatar Foundation LLC) to replace Grahame Maher who passed away on 2 November 2010. Since 2009 Alison has been Vodafone Group's Regional HR Director covering 14 operating companies across Africa, Asia Pacific and the Middle East. Alison initially joined Vodafone in July 2006 as the Global Director of Leadership, prior to which she spent 11 years with Hay Group, an international HR consulting practice. Alison is not on the Board of any other companies.

Vodafone Qatar Executive Management team

John Tombleson
Acting Chief Executive Officer

John originally joined Vodafone Qatar as Chief Financial Officer in June 2008. Previously from Vodafone New Zealand, John held senior finance roles for five years, including CFO of the fixed line business and Acting CFO of the mobile business. Following Grahame Maher's passing on 2 November 2010, the Board of Vodafone Qatar asked John to assume the position of Acting CEO whilst the Board considered the longer-term succession plan. John is a Member of the Board of Directors of Vodafone Qatar Q.S.C.

Matthew Harrison-Harvey
Director, Legal, Regulatory and External Affairs

Matthew is responsible for Legal, Regulatory and Corporate Affairs. Prior to joining Vodafone Qatar in March 2008, Matthew held regulatory and public policy roles in relation to Vodafone Group's investments in Europe, Africa, Asia and the Middle East since 1999. Matthew is Company Secretary and a Member of the Board of Directors of Vodafone Qatar Q.S.C.

Daniel Horan
Chief Commercial Officer

Dan joined Vodafone Qatar in April 2009 from Vodafone Hungary where he was Head of Consumer Marketing. Dan joined the Vodafone Group in 2000 in Australia and since then he has also worked for Vodafone in the Netherlands and the UK, holding senior positions within the Sales and Marketing divisions.

Michael Portz
Chief Marketing Officer

Michael joined Vodafone Qatar in March 2008 from Vodacom South Africa where he was Head of Customer Care. Prior to Vodacom, Michael held senior positions in Vodafone Group in the Technology and Marketing divisions. Before working at Vodafone, Michael was a Consulting Manager with Accenture.

Jenny Howe
Chief Technology Officer

Jenny joined Vodafone Qatar in June 2009 from Vodafone Ireland where most recently she was Head of Business Planning and Governance. Prior to that she held positions in Vodafone Group Marketing as Head of the Centre of Excellence which was responsible for developing technological innovations for customer trials, and in Vodafone Ireland as Head of Technology Strategy and Planning.

Jan Mottram
Chief People Officer

Prior to joining Vodafone Qatar in December 2008, Jan held the position of Human Resources Director in Vodafone New Zealand and most recently in Vodafone Ireland. Jan has held executive human resources positions for over 25 years.

Wade Kirkland
Acting Chief Financial Officer

Wade originally joined Vodafone Qatar in November 2008 as Financial Controller. When John Tombleson became Acting CEO in November 2010, the Executive Management team asked Wade to take on the responsibility of the Acting CFO role. Prior to moving to Qatar, Wade held numerous high-level finance positions in both the Mobile and Fixed Line businesses at Vodafone New Zealand since 2003.

Corporate governance

At Vodafone Qatar we are committed to maintaining high standards of corporate governance which we consider are critical to business integrity and to maintaining investors' trust. We expect all our directors, employees 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.

Compliance with the Qatar Financial Markets Authority Corporate Governance Code

In January 2011, Vodafone Qatar submitted its first Corporate Governance Report for the calendar year 2010 to the Qatar Financial Markets Authority (QFMA). The report was prepared in accordance with the "Corporate Governance Code for Companies Listed in Markets Regulated by the Qatar Financial Markets Authority" (published in 2009), and is available on the dedicated investor relations section of our website.

Board organisation and structure

The role of the Board

The Board is responsible for the overall conduct of Vodafone Qatar's business and to ensure that a high standard of governance is adhered to throughout the business. The Board:

- has final 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.

Board meetings

At the Extraordinary General Assembly in June 2011, the Board is proposing changing the number of meetings held each year from six to four. This is to align Board meetings with the QFMA quarterly reporting requirements.

Meetings are structured to allow open discussion and all directors participate in discussing strategy, trading and financial performance and risk management. All substantive agenda items have comprehensive briefing material which is circulated one week before the meeting.

Directors unable to attend a Board meeting because of another engagement are nevertheless provided with all the information relevant for such meetings and are able to discuss issues arising in the meeting with the Chairman or the Chief Executive.

Division of responsibilities

The roles of the Chairman and Chief Executive Officer are separate and there is a clear division of responsibilities.

- The Chairman is responsible for the operation, leadership and governance of the Board, ensuring its overall effectiveness.
- The Chief Executive Officer is responsible for the management of the business and implementation of overall strategy and policy.

Board balance and independence

Vodafone Qatar's Board consists of nine members, six of whom were appointed by the Private Founder (Vodafone Group and Qatar Foundation LLC), one of whom was appointed by the Founding Institutional Investors (QIF) and two members were appointed by the public shareholders at the constituent General Assembly on 26 May 2009 following the Company's public offering.

Board effectiveness

Appointments to the Board

The first Board of Directors is appointed for an initial term of five years from the date of completion of the public offering which was 26 May 2009.

Independent advice

The Board recognises that there may be occasions where one or more of the directors feels it is 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.

Board committees

Audit Committee

In May 2011, the Company formed an Audit Committee whose 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;
- reporting to the Company's Board of Directors on areas of improvement and recommend actions.

Nomination Committee

It was determined that Vodafone Qatar is not required to have a Nomination Committee as the first Board of Directors was appointed for an initial term of five years from the date of completion of the public offering, and the Company's Articles of Association have already established a process for the appointment and replacement of directors for this period.

Company Secretary

The Company Secretary acts as secretary to the Board and to the committees of the Board and, with the consent of the Board, may delegate responsibility for the administration of the 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.

Vodafone Qatar's Board Secretary is Matthew Harrison-Harvey (see page 19). Matthew has held regulatory and public policy roles in relation to Vodafone Group's investments in Europe, Africa, the Middle East and Asia for over 10 years.

Shareholder relations

We are committed to communicating our strategy and activities clearly to our shareholders and we maintain an active dialogue with investors through a planned programme of investor relations activities. The investor relations programme includes:

- publication of press release and presentation of quarterly, half-year and full-year results;
- hosting a presentation by members of the Executive Management team which is open to all shareholders for the purposes of reviewing the financial results for the half-year ending 30 September;
- hosting of the annual General Assembly meeting at 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;
- meetings as required between institutional investors and analysts and the Chief Executive Officer 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 our Investor Relations team; and
- www.vodafone.com.qa/EN-IR which is a section dedicated to shareholders on our website.

The principal communication with private investors is via the annual report and through the annual General Assembly meeting where all shareholders present 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 results is given at the General Assembly meeting before the Chairman deals with the formal business of the meeting.

Internal control and risk management

The Board has overall responsibility for internal control processes. As part of the Vodafone Qatar Management Agreement, Vodafone Qatar follows Vodafone Group's Governance Policy Manual which sets particular authorities and accountabilities to ensure that risk is managed appropriately. It is an example of best practice in governance and sets certain rules and standards that must be followed.

The assessment of Vodafone Qatar's Board and senior management in relation to internal control systems is conducted using the Key Control Questionnaire (KCQ) which is part of Vodafone Group's global processes and is a function of Vodafone Group's Internal Audit Department. The KCQ is an annual self assessment exercise completed by all Vodafone operating companies and administered by Vodafone Group's Internal Audit Department. Completion of the KCQ is mandatory and helps identify the relative strength of Vodafone Qatar's internal controls.

Vodafone Group's 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 procedures.

The Internal Audit Department visits Vodafone Qatar regularly and provides a detailed report every three months, undertaking consultations as required.

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

Vodafone Qatar has established a confidential phone number whereby employees can report any matters of concern.

External auditor

As part of the Vodafone Qatar Management Agreement with Vodafone Group, we follow Vodafone Group's guidance in appointment of the external auditor. Notwithstanding this, the appointment of the external auditor is approved at the annual General Assembly meeting. Deloitte LLP currently hold this appointment.

Performance

Financial highlights

Financial Performance	Half-yearly periods			
	H1 FY10 Sep-09 QARm	H2 FY10 Mar-10 QARm	H1 FY11 Sep-10 QARm	H2 FY11 Mar-11 QARm
Total revenue (fixed & mobile)	39.2	322.3	385.4	549.5
Adjusted EBITDA (fixed & mobile)[1]	(158.1)	(67.2)	(31.9)	4.8
Adjusted net loss (fixed & mobile)[1]	(358.4)	(315.0)	(312.4)	(288.3)
Operating free cash flow (fixed & mobile)[2]	(88.9)	(462.7)	(116.9)	(278.5)
Capitalised fixed asset additions (fixed & mobile)	182.3	341.5	188.7	286.0

Key Performance Indicators (KPIs)	Quarterly			
	Jun - 10	Sep - 10	Dec - 10	Mar - 11
Total mobile customers	534,497	600,890	711,168	756,767
Quarterly mobile ARPU	104	112	120	115
Population	1.678M	1.642M	1.637M	1.679M
Mobile penetration	160%	167%	172%	169%
Mobile population share	31.8%	36.6%	43.4%	45.1%
Mobile customer market share	19.9%	22.0%	25.3%	26.7%
Total mobile revenue market share	15.9%	19.5%	23.7%	22.9%[3]

[1] Half-yearly EBITDA has been adjusted to align the Vodafone Group management fees with the periods when revenues were earned. Furthermore half-yearly net loss has also been adjusted to distribute additional amortisation expense incurred in March 2010 following a change in the amortisation period from 20 years to 19.16 years.

[2] Excludes mobile licence payment made in May 2009.

[3] In the quarter ended 31 March 2011, our revenue market share declined as a result of a change in Qtel's revenue accounting policy.

Financial commentary

Mobile customer numbers

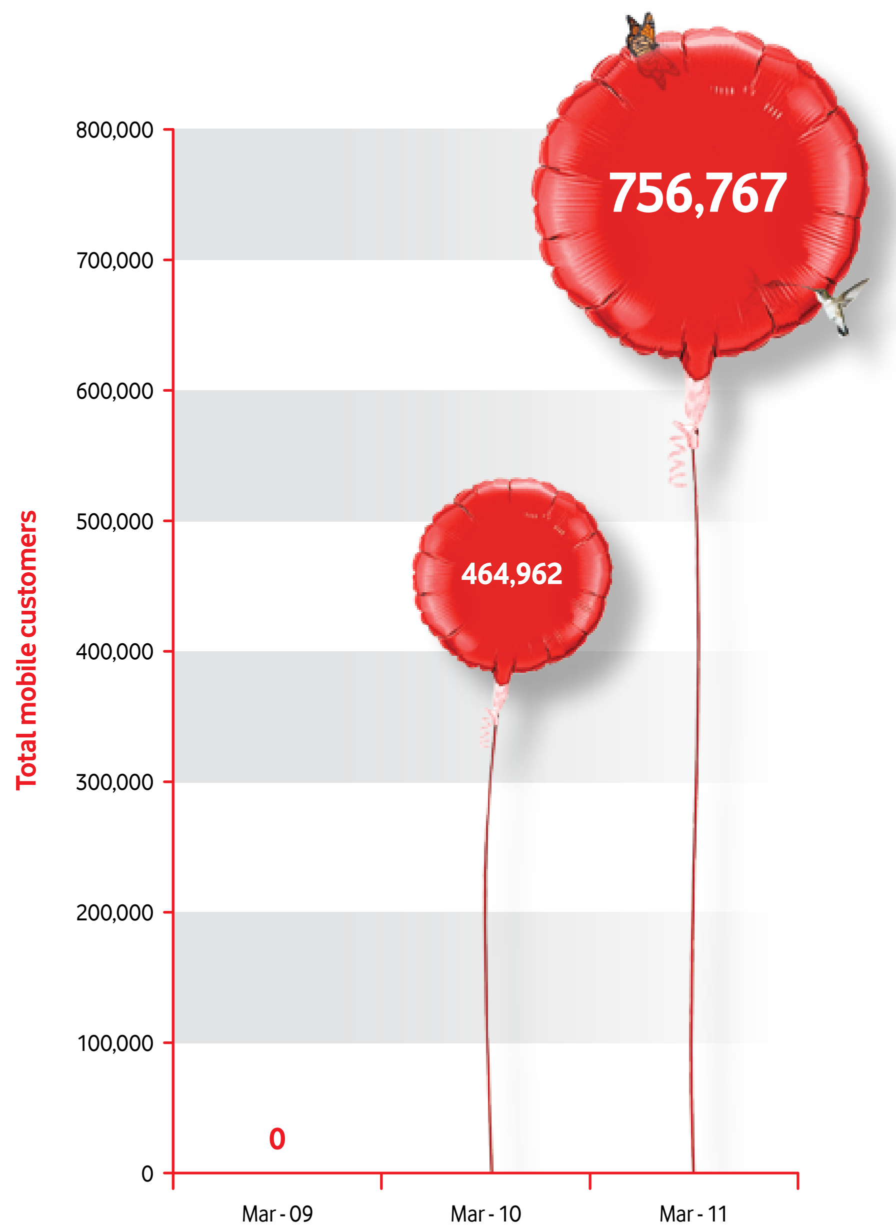
	31 March 2011	31 March 2010	Annual change
Vodafone's total customers at 31 March	756,767	464,962	63%
Percentage of Qatar's population using Vodafone's services at 31 March	45.1%	27.7%	17.4 percentage points
Vodafone's share of the total customers in Qatar at 31 March	26.7%	17.8%	8.9 percentage points
Percentage of Total Mobile Net Adds during the year	134%	61%*	73 percentage points

* Despite Vodafone Qatar's commercial launch on 7 July 2009 part-way through the financial year, we still managed to acquire 61% of all new mobile connections in Qatar in the 12 months ended 31 March 2010.

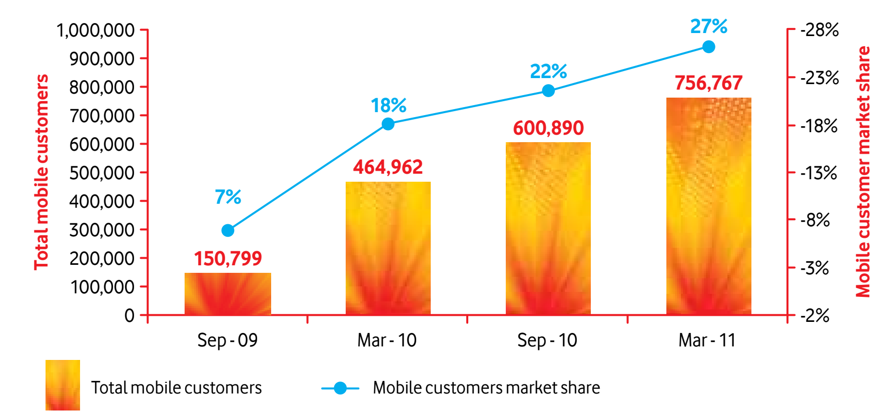
Annual customer growth

In less than two years since our commercial launch into Qatar, we have reached 756,767 customers as of 31 March 2011. This represents growth of 63% over the year, with 45% of the population of Qatar actively using Vodafone's services.

Mobile penetration in Qatar stands at 169% at 31 March 2011 compared to 156% a year ago. Dual-SIM usage is a feature of the Qatari mobile communications market, with many residents in Qatar owning more than one SIM usually to separate business and personal phone numbers. Our 26.7% customer market share, refers to Vodafone Qatar's share of all the SIMs that are currently in the market.



Consistent growth



Over the last year we have consistently grown our customer base, attracting significant volumes of customers through a series of exciting products and promotions related to local calling, international calling and data.

The majority of Qatar's population are expatriates, and therefore the ability to call home to connect with family and friends is a priority for many of our customers. Our international calling products and promotions that allow our customers to stay closer to home have proven to be popular with our customers. The key international promotions included the launch of our World Calling Club, a competition which awarded a daily prize of QAR 10,000, and the launch of our International Calling Card which provides excellent value with reduced calling rates to 15 countries across Asia, the Middle East and North Africa.

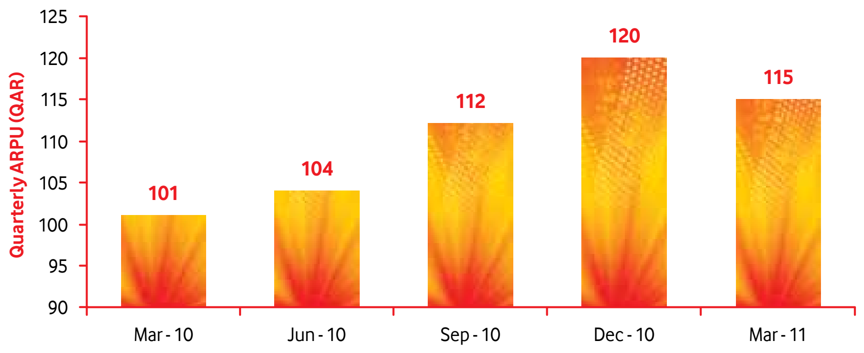
We also began expanding into other customer segments through the launch of our BlackBerry® service in June 2010 and the launch of Mobile Broadband in July 2010 ensuring customers are always connected online with Vodafone. Our ability to bring highly sought-after devices to Qatar, including the exclusive launch of the iPhone 4, were key drivers in increasing our appeal among high-value customers. 30% of our customers use smartphones such as iPhone, BlackBerry® and HTC on our network, highlighting the importance of these devices to our customers.

In August 2010 we launched our "Get Together" campaign, offering 50% off all local calling within the Vodafone network. We wanted to inspire customers whose long-term home is Qatar to use Vodafone to get together with their local communities. As an added incentive: for every local call made we set aside 1 Dhs toward building parks for children in Qatar.

Vodafone Business World was launched in November 2010 with a dedicated sales force including local IT solution partners, giving customers the ability to receive an invoice and pay in arrears, and presents great value for businesses in Qatar.

Mobile average revenue per user (ARPU)

Quarterly ARPU



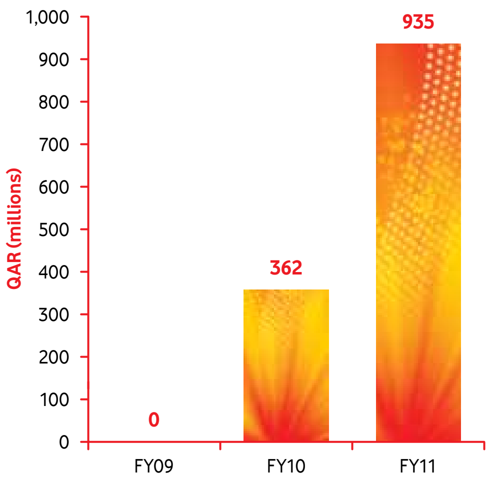
Last financial year we had achieved our objective of building critical mass through targeting labour and service workers with international calling promotions. This financial year we have continued to focus on our existing customer base while starting the journey to attract new customer segments. As a result we have seen gradual improvements to the average revenue per user (ARPU). ARPU has been increasing throughout this year, reaching a seasonal peak of QAR 120 for the quarter ended 31 December 2010. ARPU declined to QAR 115 for the quarter ended 31 March 2011 as a result of aggressive price competition in the market, however this is still an increase of 14% compared to the same quarter a year ago. Overall this is a good result considering the level of dual-SIM usage in Qatar.

The launch of our mobile internet plans in mid-2010 and the subsequent launch of BlackBerry® and Mobile Broadband have been instrumental in increasing our data revenue and ARPU. With our free social networking offer in market proving popular with customers, we are in a strong position to capitalise on the trend of increasing mobile data usage from our customers.

There will be opportunity for us to further increase our ARPU as we expand our offerings to new customer segments with a strong and robust mobile network.

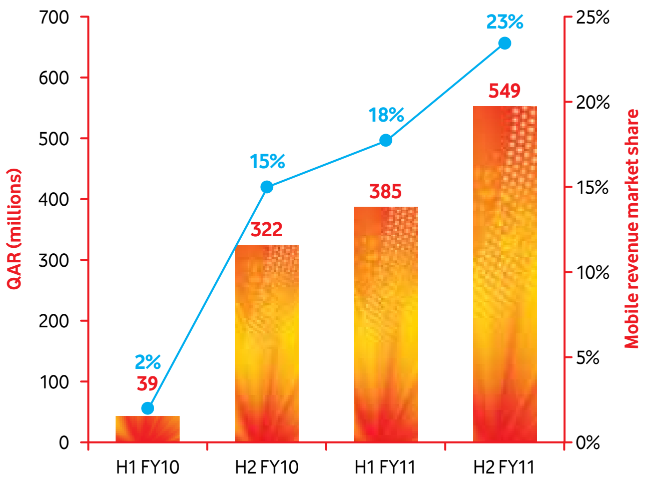
Total revenue (fixed and mobile)

Annual comparison



Total revenue for the financial year ended 31 March 2011 (FY11) is QAR 934.9 million which is a 159% increase compared to last year. This financial year represents our first full year of operations where we have had a meaningful customer base for the full 12-month period. Almost all the revenue earned this financial year is from mobile operations; as we begin to roll out fixed line services across Qatar, the percentage of revenue derived from fixed line services will begin to increase.

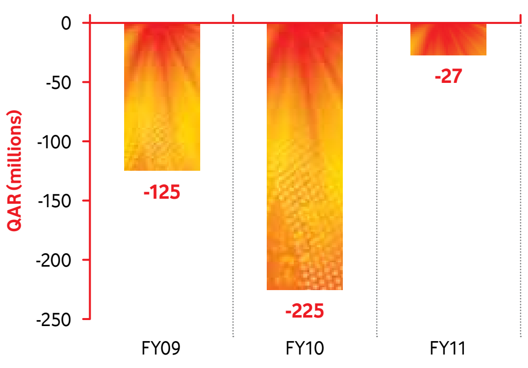
Half-yearly revenue



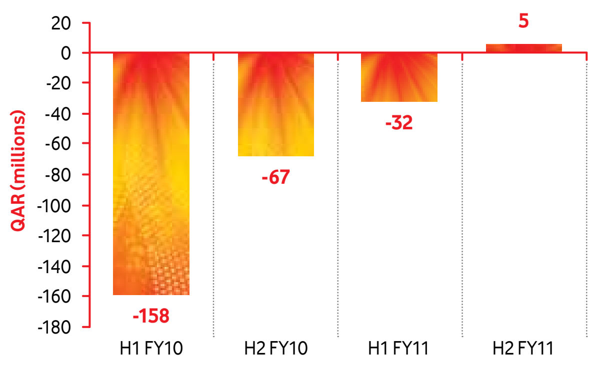
Revenue for the six-month period ended 31 March 2011 (H2 FY11) has increased 42.5% compared to the prior period. Vodafone Qatar's total mobile revenue market share has also increased to reach 23.3% for the six-month period ended 31 March 2011.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Annual comparison



Half-yearly comparison (adjusted)



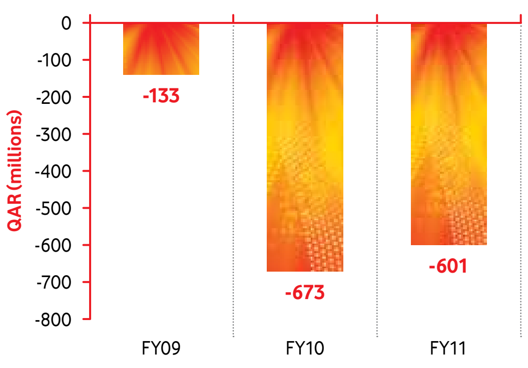
The total EBITDA loss for the financial year ended 31 March 2011 (FY11) was QAR (27.1) million; this is an improvement of 88% compared to last financial year. EBITDA for the six-month period ended 31 March was a positive QAR 4.8 million; the growth in our customer base means that we are now generating enough revenue to cover our operating costs.

We currently expect to report a full year of positive EBITDA for the next financial year ending 31 March 2012.

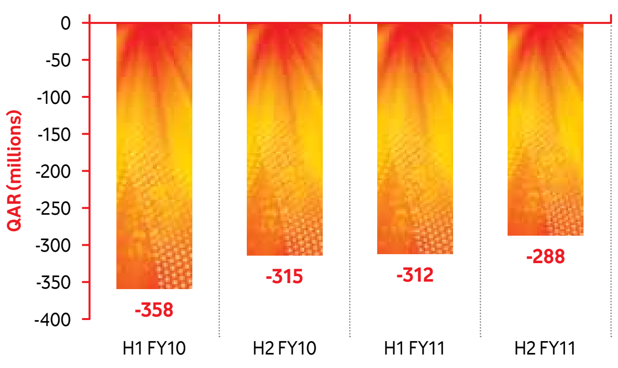
The above graph reflects half-yearly EBITDA which was adjusted in FY10 to align the Vodafone Group management fees with the periods when revenues were earned.

Total Profit & Loss

Annual comparison



Half-yearly comparison (adjusted)



We are reporting a net loss of QAR (600.7) million for the year ended 31 March 2011 (FY11), of which QAR 548.5 million relates to non-cash items of depreciation and amortisation. This represents an improvement of 10.8% compared to last financial year, as the revenue we are generating from our customer base now exceeds the operating costs of running the business.

It is important to note that of the QAR (600.7) million Net Loss this financial year, QAR 402.3 million (or 67%) of this loss relates to the amortisation of our QAR 7.7 billion mobile licence. The amortisation of the mobile licence fee is a considerable expense, but this is a non-cash item which simply allocates the purchase price of the licence equally over the life of the licence (19.16 years).

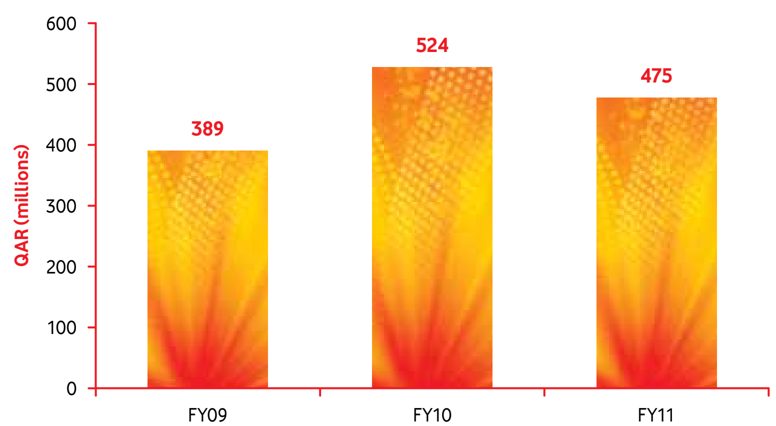
The ratio of operating costs to total revenue has improved significantly from 93.9% in FY10 to 52.1% in FY11; this ratio will continue to improve as we increase the revenue generated from our growing customer base.

The above graph reflects half-yearly Net Loss which was adjusted in FY10 to align the Vodafone Group management fees with the periods when revenues were earned and to distribute additional Amortisation expense incurred in March 2010 following a change in the amortisation period from 20 years to 19.16 years.

Dividends

Vodafone Qatar's ability to pay dividends to our shareholders, as outlined in the IPO prospectus, is dependent on the Company having sufficient distributable reserves and is subject to the decision of the shareholders at the General Assembly. The Board of Directors is not recommending that a dividend be paid in relation to the financial year ended 31 March 2011.

Capital expenditure



A total of QAR 474.8 million was spent on capital expenditure during the financial year, of which QAR 337.0 million relates to the mobile business and QAR 137.8 million relates to fixed line; we began our fixed line investments in July 2010. This brings the total amount of capital spent since the incorporation of the company to QAR 1.39 billion for both mobile and fixed.

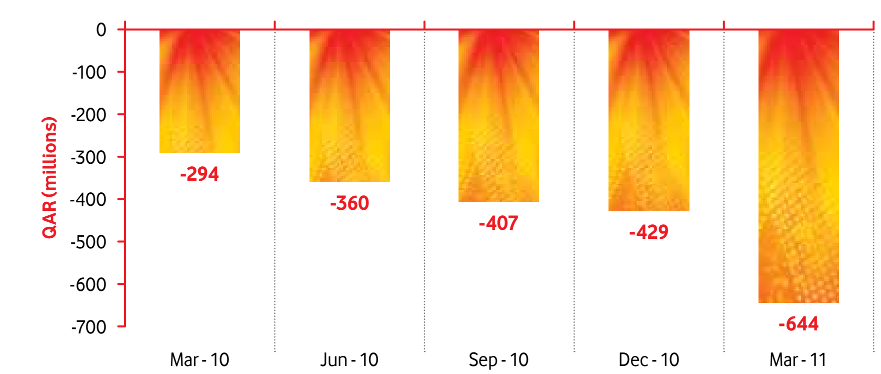
This financial year we brought forward an additional QAR 42 million of capital expenditure for mobile network enhancements following the results of drive testing in September 2010 which highlighted areas that required better coverage or a stronger signal.

Due to the ongoing challenges in obtaining approvals for land by the relevant government agencies, we still have 56 temporary cell sites within our network that require an upgrade to a permanent construction. Further, we are committed to building an additional 128 permanent cell sites in our network by the end of the next financial year.

Where possible Vodafone Qatar is committed to sharing towers with Qtel to reduce the number of separate towers built and to camouflage sites in sensitive areas where required by the Government. Investing the additional capital and implementing these initiatives will further improve the call quality that our customers experience and ultimately ensure that we deliver a world class network to the people of Qatar.

IPO and the requirement for additional funding

Net debt (borrowings less term deposits)



The original business case and IPO documentation referred to Vodafone Qatar as a mobile only business. Authorisation to amend Vodafone Qatar's articles of association to incorporate the fixed line and mobile businesses was presented at the Extraordinary General Assembly held on 28 June 2010; this was unanimously approved. The award of the fixed line licence will enable Vodafone Qatar to become a full service telecommunications company offering a wide range of products and services to all people in Qatar.

Additional funding is therefore required to support investment in our fixed line network, and this is supplementary to the additional capital that is required to enhance our mobile network.

As part of our management agreement with Vodafone Group, we are able to access funding at preferential interest rates.

This financial year we increased the loan facility from USD 110 million to USD 230 million to support the improvements in the mobile network and to start the build of the fixed line network. We expect to increase our overall loan facility by a further USD 100 million to support ongoing investment in the fixed line rollout.

The Government recently announced the formation of the Qatar National Broadband Network company (Q.NBN), which will be a nationwide, open and accessible high-speed Fibre to the Home (FTTH) network to 100% of government and 95% of all households by 2015. Vodafone Qatar will be a customer of Q.NBN, paying access fees as required. Vodafone Qatar is pleased to partner with Q.NBN to provide ultra-fast broadband in an efficient manner to the State of Qatar.

The story of Vodafone Qatar

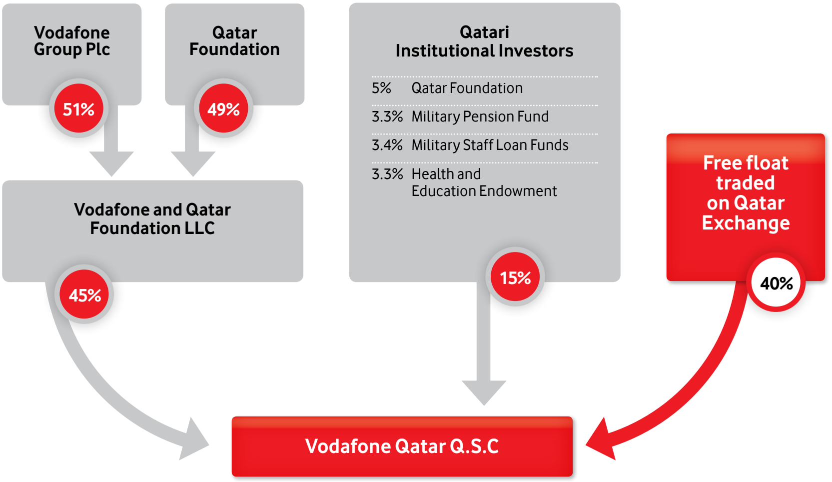
The background

Vodafone's journey to Qatar

As part of Qatar's commitment to the World Trade Organisation (WTO) guidelines, ictQATAR was authorised in 2007 to grant additional mobile and fixed line licences to open the telecommunications market in Qatar to competition. In December 2007 the consortium of Vodafone Group and Qatar Foundation was announced as the winning applicant of the second mobile licence.

Vodafone Qatar was incorporated on 22 June 2008 and Qatar's second mobile licence was granted to the Company on 29 June 2008. As mandated by the Mobile Licence Application Procedures, 15% of the Company was to be held by Qatari institutional investors and 40% of the Company was put up for IPO in April 2009. The remaining 45% of the Company is held by the Vodafone Group and Qatar Foundation consortium.

Our overall shareholding structure is as follows:



Our largest shareholder, Vodafone Group, delivers communications services to approximately 371 million customers in its controlled and jointly controlled markets, has equity interests in over 30 countries across five continents, and has more than 40 partner networks worldwide; all under the banner of the world's fifth most valuable brand (Annual Brand Finance Global 500 Report, March 2011).

In 2008 Vodafone Qatar embarked upon the exciting challenge of becoming a world class mobile operator to rival other Vodafone operating companies that have been successfully established around the world.

We began with an extensive market research campaign to determine the needs and expectations of a diverse market consisting at that time of 1.4 million individuals residing in Qatar. Qatar is a unique market dominated by expatriate workers, with local Qatari nationals representing less than a quarter of the total population. The majority of expat workers in Qatar are labourers and service workers from the Asia Pacific region, with smaller groups of professionals from nations East and West and professionals and small business owners from the Arab community around the world.

We wanted to discover what these different groups of people expected from the world-renowned Vodafone brand, and how we could meet these expectations.

The insights that emerged from our research into these diverse groups converged into a single purpose which has become the driving force of Vodafone Qatar: to make a world of difference for all people in Qatar.

The journey continues

One year ago we published our first annual report, joining the standard financial disclosures with an in-depth look at the activities and people working to deliver on our single purpose.

Our first annual report revealed Vodafone Qatar's journey to the commercial market in Qatar:

- The fully-subscribed Initial Public Offer (IPO) in March 2009 that raised almost USD 1 billion.
- The commercial launch in July 2009 via online channels that gained 20,000 account customers within 14 days.
- The revolutionary international calling promotion that allowed customers to call anywhere in the world for the cost of a local call.
- The mobile internet offer that made the internet accessible to everyone.
- Acquiring over 100,000 customers in a single month following the launch of our prepay product, Red, in September 2009.
- Achieving 100% geographical 2G coverage across Qatar by 31 December 2009.
- The January 2010 offer that gave all customers 2,010 minutes of free Vodafone calling.
- The issuing of Qatar's second fixed line licence to Vodafone Qatar on 29 April 2010.

This is our second annual report covering the financial year from 1 April 2010 to 31 March 2011. It is the next chapter in the story of how we are continuing to live up to our purpose of making a world of difference for all people in Qatar.

To obtain a copy of our previous annual report, or for any other shareholder inquiries, please contact Vodafone Qatar's Investor Relations team at investor-relations@vodafone.com

The background

How Vodafone works

Partnering to purpose

Many of the services at Vodafone Qatar are provided by a close network of companies based in Qatar and abroad, who are treated not as mere "suppliers" but as business partners; we consider them part of the wider "Vodafone Family". A great example of this can be seen in our partner Alcatel-Lucent, who is responsible for the design, build, maintenance and daily operation of the entire Vodafone Qatar network (see page 59).

Vodafone Qatar operates using a management agreement with Vodafone Group which allows us to access all of Vodafone's products, services, technologies, buying power, brand, people and skills. Through this agreement we are able to make extensive use of the resources of the Vodafone Group: for example, roaming bilateral agreements were originally secured entirely through the roaming footprint of Vodafone Netherlands; Interconnect Billing Services were provided by Vodafone Ireland, Finance and Procurement through Vodafone New Zealand, and Arabic and English call centres through Vodafone International Services in Egypt.

This approach ensures not only maximum efficiency and cost effectiveness, but also enables Vodafone Qatar to be highly flexible in response to the demands of the market.

A loved brand

The Vodafone brand is the most recognised telecommunications brand in the world. Customers the world over love the Vodafone brand as it stands for being the leader who constantly innovates on things which are important for customers.

In Qatar, the Vodafone brand is synonymous with vitality, bringing to life a world of energy and colour. The Vodafone brand in Qatar is known for delivering great value to customers, in an exciting way which connects them to their world.

The Vodafone brand stands for doing things differently. Since entering the market in 2009, Vodafone continues to bring excitement and energy into everything it delivers to customers, from the great innovative calling offers to building of parks to bring the community together.

One of the reasons the Vodafone brand is so different is because it truly delivers excitement to customers. Whether it's through different offers available or working with the local communities, for example building parks for everyone to enjoy (see page 48).

Vodafone Qatar brings the brand to life with creative built around visually exciting and emotive elements unprecedented in Qatar, and was among the first to introduce branded vehicles to the streets and highways of our home market.

Last summer we enlisted the help of volunteers from among Vodafone staff and community members to drive around the city of Doha distributing cold beverages and Vodafone baseball caps to workers labouring in the intense heat.

Qatar's National Day is always characterised by creative displays of patriotism in the cars and trucks of local drivers, who use their vehicles as a canvas to display the Qatari flag, images of Qatar's leaders, and infinite other decorations commemorating the country in which they live. Vodafone celebrated with them this year by giving drivers a chance to have their picture taken with their cars, and awarding a prize of QAR 10,000 to the participant with the best decoration – a title won by local vehicular artist Ahmed Al Jaber, who promptly integrated his oversized prize cheque into his pickup truck's elaborate artwork.

The launch of World Calling Club marked the first occasion where prominent outdoor advertising around Qatar was displayed in Hindi and Malayalam language.

Making a World of Difference

Vodafone Qatar unites a team of experts and professionals with a tightly-knit network of partners and providers from Qatar and across the globe.

Through establishing a common purpose, setting values and identifying strategies, we can ensure a united effort and a common direction from our employees and our partners. Ultimately this enables us to deliver the best possible experience to our customers.

Purpose based organisations make companies more effective, more cohesive, and more collaborative. It brings people together through one purpose.

Our Purpose Based Organisation

Our purpose is to make a world of difference for all people in Qatar and our vision is to be the most admired brand in Qatar.

This year we agreed upon **five strategies** to help Vodafone Qatar live up to its purpose and help us achieve our vision...

Delivering on our strategies

1. Aggressive growth

Aggressive growth is about how we grow our business, focusing on both new and existing customers. We have done some great things over the last year:

Propositions to keep our existing customers delighted

Staying closer to home

Immediately after our commercial launch, Vodafone Qatar made waves by allowing all customers to make international calls for the cost of a local call. We quickly recognised the importance of our customers being able to keep in touch with family and friends overseas, developing a variety of creative approaches to help our customers stay closer to home including World Calling Club, the launch of our International Calling Card, and the introduction of Super Sundays.

Building dreams

In addition to bringing customers special international calling rates, Vodafone gave even more value back to customers with the World Calling Club competition, which awarded QAR 10,000 to a different customer every day. For some of our customers this was a life-changing amount that enabled them to send the money back home to start building a house, set-up a business or secure their childrens' educations. Over QAR 1 million in prize money was given back to customers to help build their dreams.

International Calling Card

We launched a QAR 25 International Calling Card in October 2010, allowing customers access to low cost international calls to 15 countries across the Middle East and Asia.

Super Sundays

Vodafone introduced Super Sundays where customers could call anywhere in the world for 55 Dhs/minute, all day every Sunday, every week.

Calling home when it really matters

During floods in Pakistan, political crises in Tunisia and Egypt or the earthquake in Japan, we quickly reduced the calling rates to those countries to make it easier for our customers to contact loved ones. We also enjoy celebrating the good times with our customers; for the 2011 Cricket World Cup Final, we offered reduced international calling rates to India and Sri Lanka.

Always connected

We responded to requests from customers who wanted a low-cost recharge card to enable them to reload smaller values more often, allowing better cashflow management. In September 2010 we launched the environmentally friendly QAR 10 recharge card which quickly gained in popularity.

Building propositions to attract new customers

Getting together

In August 2010, Vodafone Qatar sought to build on its success with the international market by offering 50% off all local calling within the Vodafone network. We wanted to inspire customers whose long-term home is Qatar to use Vodafone to "Get Together" with their local communities.

Vodafone's local calling offer came with an added incentive: for every local call made by a Vodafone customer, Vodafone would set aside 1 Dhs toward building parks for children in Qatar. Over QAR 2.5 million was raised, and in 2011 we will start building a playground at the Doha Corniche public park next to the Sheraton. The Vodafone designed playground will be built by SSK Enterprises featuring the newest and most innovative equipment adhering to UK and US safety standards. The design includes wheelchair accessibility meaning that everyone in Qatar has the opportunity to enjoy our playground.

High-profile handsets and devices

We helped drive our growing appeal among high-value customers with the launch of our BlackBerry® service in June 2010 and Mobile Broadband in July 2010. Vodafone Qatar also brought the iPhone 4 to Qatar in an exclusive launch. This was followed by many of the most sought-after devices such as the BlackBerry® Torch, the Samsung Galaxy tablet, and the HTC Desire HD.

Ajeeb

Our "Ajeeb" offer was a great combination for customers who wanted to have the latest smartphones with attractive data offerings. The offer applied a creative combination of elements strategically chosen for their appeal to high-value customers, combining the ever-popular Apple iPhone or BlackBerry® with the attractive Star Numbers favoured by this customer segment, along with a high-value plan and a generous mobile internet package, enabling customers to enjoy their smartphone experience.

Doing business smarter

Businesses in Qatar now have a choice of mobile provider following the launch of Vodafone Business World in November 2010. This will revolutionise mobile calling for businesses in Qatar.

We offer Business World customers superior value with exclusive access to our best local and international anytime rates, and by choosing our Company Calling product, Business World customers can call anyone in their company for free. All our Business World Plans also still come with bonus Vodafone minutes, mobile internet and the benefit that customers always get credit to use on any Vodafone service for everything they spend.

Business customers enjoy access to a Vodafone Account Manager and will receive an easy to remember sequential number range when they join Vodafone. Ongoing support is provided by a dedicated Customer Care Team committed to serving the needs of our business customers any time of the day or night. The business Customer Care Team can answer any questions about our range of business services including the world's largest roaming footprint, mobile internet, mobile broadband or BlackBerry®.

Every month, a personalised invoice allows a business to accurately track monthly usage and expenditure. We show meaningful information and provide the flexibility to enable business owners to upgrade or downgrade their individual employees' monthly plans depending on their usage and to avoid unnecessary future charges.

Delivering on our strategies

2. An awesome experience

We want to provide an awesome experience for all our customers through...

Award-winning support

One of Vodafone Qatar's key strategies – and perhaps the greatest differentiator of the Vodafone brand in market – is the delivery of a really awesome customer experience. Driven by rigorous selection, testing, training and quality control, and composed of teams from three different countries, Vodafone's Customer Care is noted for providing service to Qatar's wide diversity of customers in their native languages – Arabic, Hindi, Tagalog, Malayalam and English.

Personalised care

Operated from a call centre located in the centre of Vodafone Qatar's Doha headquarters, Customer Care agents (known as Champions) specialise in VIP customers, call centre management operations and direct contact with customers. In addition to larger call centres in Mumbai, Manila and Cairo, Vodafone's customer service network includes Qatar's first-ever Service Centre, dedicated to providing walk-in hardware support for customers' handsets; an Integrated Voice Response (IVR) system providing service in five languages; and a rapidly growing Facebook™ and Twitter community consisting of over 72,000 followers, which provides customers direct answers to their postings and information about upcoming products and promotions.

In late 2010 Vodafone also launched the innovative "Customer Care on the Road" programme, with individual Customer Care Champions not only dedicated to providing VIP customers with 24/7 call centre service but also able to visit them in person to provide on-site support wherever, whenever.

Vodafone's Customer Care Team garnered a number of honours at the Middle East Call Centre Awards 2010, where they were recognised for Call Centre of the Year, Best Recruitment Program, and Best Career and Skills Path.

In October 2010, Vodafone's Customer Care Team received its second recognition in a year at the Telecoms World Awards Middle East held in Dubai, where Head of Customer Care Deirdre Hutchinson accepted the award for Best Customer Strategy.

The living embodiment of our brand

Vodafone Qatar currently operates 10 retail stores within Doha and in neighbouring cities, and two mobile trucks that travel throughout the country to provide on-demand retail service to more isolated communities plus support field promotional events. These retail stores are a living embodiment of the excitement and vitality of the Vodafone brand, and offer customers an unrivalled retail experience.

Investing in our Champions

We place the highest priority on our Retail Champions who serve customers every day, all year long. This is evidenced by a recent and unconventional change in their experience in working at Vodafone: the standard work week for frontline employees in Qatar is 48 hours over six days. During the year Vodafone Qatar took the uncommon step of reducing that work week to 40 hours over five days with no decrease in salary, and we are already seeing returns in better performance and higher employee satisfaction.

Vodafone Qatar selects its Retail Champions carefully, thereby ensuring a pool of highly resourceful, competent, and qualified professionals with an intimate understanding of the Vodafone brand and a commitment to providing exceptional customer service.
This provides the opportunity for real career development through internship programmes or direct recruitment to roles at Vodafone Qatar's head office. We have seen over 30 Retail Champions promoted into various roles both in stores and into Head Office in the last year; this represents almost 25% of the Retail work force.

Selling through partnership

An enormous amount of Vodafone's selling activity is made possible through over 2,200 retail distribution outlets throughout Qatar. 2010 saw the consolidation of our distribution channel to two key partners, Distribution House International (DHI) and Qatar National Import and Export (QNIE) who act as intermediaries between Vodafone and the many independent retailers who provide Vodafone products and services to the market.

Connecting Qatar to the world

Vodafone Qatar is in the unique position of having a single partner who will ultimately provide a fully converged mobile and fixed fibre IP network.

We selected Alcatel-Lucent initially as our partner to build the mobile network using the latest available technology; we have our own mobile network which is independent from Qtel. There are 417 outdoor cell sites in our network; our 2G network provides 100% coverage across the entire country and our 3G network now provides coverage to 99% of the population of Qatar. The 3G network is built on the latest available technology, UMTS 900 (the first live network in the Middle East) and UMTS 2100, providing data speeds up to 7.2mbps. We have increased the number of indoor building solutions to over 100, ensuring a strong Vodafone signal in shopping centres, hotels and other key buildings across Qatar.

In order to meet our mobile licence obligations, Alcatel-Lucent initially deployed over 172 temporary mobile radio sites or "cell sites on wheels" (COWs). 116 COW deployments have now been replaced with permanent constructions, however we continue to face ongoing challenges in being granted approvals for land by the relevant government agencies; as a result, it is taking us longer to complete the build of our network to offer the quality of services that we want to provide to our customers.

Alcatel-Lucent was the first operator in the Middle East to deploy "FEMTO"cells; these devices boost indoor 3G coverage and are particularly useful where we do not have indoor building solutions, such as office buildings and large family homes.

In June 2010, Alcatel-Lucent was awarded the contract for the build of our Fixed Line Network in Qatar. This is a multi-year project which will enable Vodafone Qatar to become a full service communications provider with converged services for retail, business and enterprise users.

As a result of increased capital investment, we have significantly improved the capacity and quality of our mobile network this year. Our network is now able to sustain over 750,000 customers actively making calls everyday, including during holy periods such as Eid-al-Adha and Eid-al-Fitr; on National Day 2010, our mobile network successfully handled a record eight-million minutes without any congestion issues.

Driving for progress

In September 2010 we conducted an independent drive test of our mobile network across Qatar to identify where a need exists for better coverage or a stronger signal. We responded to the survey results immediately by increasing our capital expenditure to enable network enhancements to take place quickly, bringing forward QAR 42 million of capital to speed our progress towards delivering a world class network.

This is a key priority for Vodafone Qatar and we are working with the relevant government agencies to obtain the approvals for the additional 128 outdoor sites that we require. To facilitate this, Vodafone Qatar is committed to sharing towers with Qtel to reduce the number of separate towers built and to camouflage sites in sensitive areas required by the government.

This hybrid-powered base station deployed in Vodafone Qatar's mobile network makes use of both wind and solar energy. This solution increases the availability of mobile services to our customers, while reducing the carbon footprint and impact on the environment.

Vodafone is committed to camouflaging cell sites in sensitive areas where required by the government.

Investing in the future

Whilst we have made impressive strides in our mobile network coverage and capacity this financial year, we will continue to make considerable investments in our network in the upcoming year with a focus on:

- optimising and tuning to enhance the performance of our network throughout the year which will improve our customers' experience;
- increasing the number of permanent cell sites, with the aim of adding 128 new sites by the end of 2011 to improve capacity and coverage;
- replacing temporary mobile radio sites with permanent constructions which are more robust and provide an increased coverage reach;
- accelerate site-sharing between Vodafone Qatar and Qtel; both operators will maintain independent networks but will share cell towers. This has an added benefit for Qatar in reducing visual pollution as fewer mobile radio sites are required.

Our progress in replacing temporary sites and increasing the overall number of permanent sites will be dependent on our ability to access new sites and successfully obtain planning permission from the authorities. Implementing the above initiatives will further improve the call quality that our customers experience and ultimately ensure that we deliver a world class network to the people of Qatar.

How successful have we been?

One of the ways in which we measure our success in delivering an awesome customer experience is through monthly market research into what our customers think about our products and services; an independent research company, Nielsen, is responsible for conducting this research, ensuring that we can compare ourselves to the competition in a fair and equitable manner. This approach is one which is used all over the world by all Vodafone companies, and has been running for over 10 years globally.

We focus on two different metrics; Customer Delight Index (CDI) and Net Promoter Score (NPS). CDI measures customer satisfaction across seven different components (network, services, getting help, ongoing information & contact, tariff, buying and paying) whereas NPS measures general advocacy, or how likely a customer is to promote Vodafone Qatar to their friends and family.

In July 2010 Vodafone Qatar became the market leader in Qatar for CDI and has successfully maintained this lead position for each subsequent month. Vodafone Qatar has been the market leader of NPS in Qatar since November 2010. The latest NPS result for March 2011 placed Vodafone Qatar as the highest NPS score across all of the Vodafone countries globally.

Delivering on our strategies

3. Developing people... and Qatar

At Vodafone Qatar, we are dedicated to actively developing our people and we aim to be the role model for Qatarisation. This section shows some of the initiatives we are using to achieve our goal.

Little diamonds

Within Qatar's population of 1.68 million there are approximately 60,000 Qatari women, of which almost half do not work out of deference to local customs and cultural traditions. For these women, commitments to their families and their culture are critical to the functioning of their communities. For Vodafone, this posed a challenge to reach or even approach this segment of the population, and deliver on our purpose of making a world of difference for ALL people in Qatar.

Al Johara was the perfect solution: through training, coaching and development (as well as "mini mobile shops" in distinctive rolling suitcases) 21 Qatari women entrepreneurs are helped to sell Vodafone products by using the very communities most important to them. In this way the programme not only creates opportunities for these women to sell our products and services, but also allows us to reach a segment of the market that we might not have been able to reach through more conventional sales channels. Vodafone comes to them, in the traditional way, through their own friends, relatives or acquaintances.

A win-win situation

As Vodafone Joharas have built their confidence and entrepreneurial skills – and made money as well – they have the flexibility to continue to manage their commitments to family and the community, all while serving as great role models to other family and community members. We have also benefitted from greater access to potential customers through new sources.

"I am very proud to be a Vodafone Johara. My friends and family are impressed with the changes they see in me since I started! I have just had a baby and my family and community are helping me to continue to work... my husband finds ways to help me, too."
Aisha, Vodafone Johara since August 2010

"Al Johara has been very good for everyone in our household and our family. My sister and mother have become very active! They are so focused on their business. I am pleased to see these changes for our women."
Hamad, brother and son of Vodafone Joharas.

Developing local talent

Internship programme

Vodafone Qatar's highly popular award-winning Internship programme has now entered its fifth term, offering 10 young Qatari students the chance to experience life in a fast-paced, dynamic and exciting environment within the past financial year.

"Of the many organisations that I have been a part of, Vodafone is the first and the only company to put people before profits; preaching and practicing the same. At Vodafone, you experience first hand the balance between the strict rules required to run a business and the enormous emphasis on serving customers the best way possible. My internship at Vodafone introduced me to the hardworking yet wondrous life as a part of a PBO. I experienced and interacted with people from a myriad of cultures; I grew and developed professionally and personally with mentors who truly cared, and most precious of all I learnt from and enjoyed the company of the greatest person I've known, Grahame Maher. He taught me how to make a world of difference for the better."
Olympia Datta

"I'm very fortunate and proud of having had my internship with this remarkable team and company. My internship with Vodafone was an opportunity that not everyone can have. What I learned there exceeded all my expectations. In Vodafone, you can talk freely to anyone and everyone without hesitation. I'm a person who loves creativity, and I enjoy just being myself all the time. Vodafone gave me the chance to express all sides of my personality in everything I did there."
Maha Youssef

"A vibrant company that's full of surprises and Worldliness! My internship was powerful, energetic and highly educating! An international environment that has invisible hierarchy, you get to learn and share personal thoughts with everyone. I got to experience how Vodafone made a world of difference in Doha, and not just for telecoms, but also for the community itself."
Lulwah Al Khulaifi

Graduate programme

Vodafone Qatar rounds out its offering to local universities with our exclusive graduate programme, which offers graduate students the opportunity to lead three separate projects in three separate business units throughout the organisation, complementing hands-on experience with a holistic view of how the various functions of high-performing organisations work together. Following a comprehensive 12-18 month development programme graduates are placed in permanent roles.

Being a role model for Qatarisation

Vodafone Qatar has pledged full support and commitment to Qatar's Vision 2030 which focuses on human, social, economic and environmental development, providing an exciting future for young citizens of Qatar. We work hard to support that vision with active programmes devoted to sharing our worldliness with up-and-coming Qataris. Working with local universities Vodafone Qatar offers a unique opportunity for talented local Qataris to thrive in a progressive global organisation.

Qatarisation progress

Companies in Qatar are required to have Qataris represent at least 20% of their workforce. At Vodafone Qatar we are committed to further increasing the number of Qatar nationals who join our business. This will ensure ongoing stability in the business when the expats who came to Qatar to help the start-up operation eventually relocate to their home countries or move to their next career opportunity.

"The level of trust and support between Vodafone and its employees is very high. This is what attracted me the most, and it goes both ways, which creates a reason to get up every morning to work."
Rayyan Rawhani

Investing in our people

Whilst we have an emphasis on recruiting local Qatari nationals to fill new vacancies and to replace staff returning to their home countries, we are dedicated to developing all talent within our organisation.

We have successfully embedded quarterly talent reviews at all levels in the business. These reviews give our leaders the opportunity to focus on the performance, future potential and development needs of all our employees, as well as enabling us to proactively support people's career aspirations.

In 2010, 65 people (17%) achieved an internal career move.

Stepping Stones to success

Vodafone Qatar is a purpose based organisation (PBO). Our purpose is to make a world of difference for all people in Qatar, and we share common values of Speed, Simplicity, Trust, Vitality and Worldliness to guide our day-to-day behaviour and actions. Our PBO is at the heart of everything we do.

Over the last 18 months, our entire company completed a development journey covering the skills and tools that helped Vodafone Qatar to become a PBO. Now we have empowered our senior leaders of the business to carry this forward and to provide all new employees with mentorship designed to guide them through this same journey. We want all of our employees to really understand what it means to be part of a purpose based organisation. This unique development approach is called Stepping Stones.

A growing family

In May 2010 Vodafone Qatar celebrated achieving half a million customers with a "Family Day" beach party where our staff and their families were joined by our partners and retailers and their families.

Recognising success: Global Heroes

Vodafone Qatar's employee recognition programme, "Global Heroes", is unique in that both our full-time employees and our partners are eligible to be nominated for an award. Most recently, Susie Kelt won the award for her role in developing the Al-Johara sales channel while Andrew Webster won for implementing a turnaround strategy at our City Centre store that saw huge improvements in sales and employee satisfaction.

Engaging our employees

Overall employee engagement of 76%

Vodafone's People Survey measures employee engagement (a combination of pride, loyalty and motivation) consistently across all Vodafone operating companies, as well as against high-performing companies across the world. Scores of over 75% are considered world class levels of employee engagement.

In November 2010 we conducted our second people survey for Vodafone Qatar; overall we achieved an employee engagement score of 76% which is strong by global standards, but which we would like to improve in future years. This demonstrates that our staff continue to feel proud to work for Vodafone and are committed and willing to deliver the best.

Delivering on our strategies

4. Bravely taking risks

We are committed to taking some risks in order to provide innovative products to our customers and the people of Qatar. This year we have introduced several innovative products to Qatar...

Managing money with Vodafone

In 1985 the first ever mobile phone call was made by a company called Vodafone, the name of the new company derived from the words "Voice Data Fone", reflecting two fundamental capabilities that mobile phones offer to consumers – the second of which, data, has taken on greater priority in recent years.

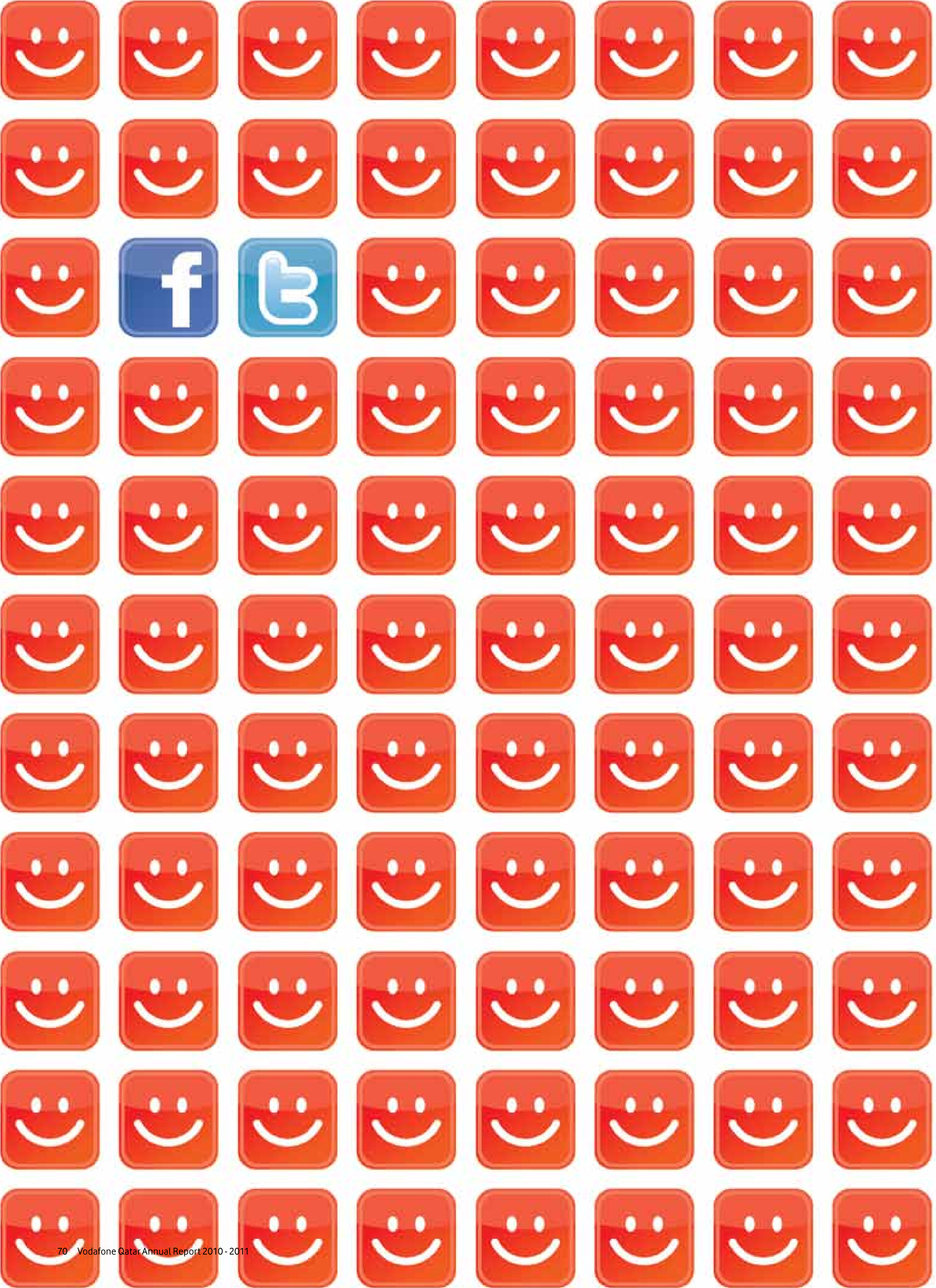
This year we launched a revolutionary new service in Qatar that provides our customers with something more than just voice or data. Vodafone Money Account offers a core capability that changes the role of the mobile phone in everyday life.

The launch of Vodafone Money Account transforms the mobile phone into a cross between a bank account (from which funds can be transferred and deposits made) and a wallet (which can be used to pay for goods and services electronically). The first capability available on this platform is the Vodafone Money Transfer service, which we launched in November 2010 at our offices in the Qatar Science & Technology Park (QSTP). Vodafone Money Transfer enables customers to transfer money instantly and directly from their mobile phones to recipients in the Philippines. With such an innovative service that is available to all customers, we have improved the accessibility of financial services to low-income groups that would otherwise not be eligible to have a secure bank account. This is the first step in rolling out Vodafone Money Transfer; a wide portfolio of international destinations will become available throughout 2011.

The Vodafone Money Transfer service also enables users to transfer money from person to person, to banks in Qatar or to family and friends living abroad. In addition, users can also pay for their Vodafone plans instantly, anytime and anywhere. In 2010, Vodafone staff used Vodafone Money Transfer to send donations to help support the victims of the Pakistan floods.

Another capability supported through Vodafone Money Account, is Vodafone Payroll. Vodafone Payroll provides enormous benefits to companies who have as few as 10 or as many as 10,000 employees, by allowing companies to securely pay employees directly into their Vodafone Money Account. This results in big cost savings and increased efficiencies for companies by avoiding the need to transport and count cash, reducing manual administration and removing the need for paper receipts. We provide this service to companies at no charge.

Vodafone Qatar brought advertisements to the market featuring our own Customer Care Champions as models with the launch of the Vodafone Money Transfer service.



Building communities online

"I can pass the day without drinking, without eating, but unable to pass the day without using VFQ, because it's my heart beating."

Postings like the quote above, from customer Akash Nembang at the start of Ramadan, are typical of Vodafone's highly popular Facebook™ and Twitter community, which now boasts over 72,000 followers.

Not only do we use Facebook™ as a customer service tool (see page 54), in October 2010 we launched the first application of its kind in Qatar and the region, where customers can reload their Red prepay plans directly through Facebook™.

The place to buy and sell in Qatar!

No longer need your old iPad?
Just SouqIt!

SouqIt is the latest initiative to come from Vodafone Qatar. Designed from the ground up, it's the best online trading place built for all the people in Qatar. With its homepage in Arabic and English, everyone can instantly feel right at home; this is another first for Qatar. SouqIt offers the ability to advertise jobs and services, housing, vehicles, electronics, household items and everything else anyone might want to buy or sell online, all in one place. www.souqit.com truly is a one-stop-shop for all your online marketplace needs, bringing buyers and sellers together in a unique and user-friendly environment.

If you are selling goods, the convenient auto-translate feature converts your advert from Arabic to English or English to Arabic, allowing you to reach the widest range of buyers. We are the first to launch this translation capability in Qatar. SouqIt also provides all the functionality sellers expect to find in an online marketplace: fixed-price auctions, traditional time-based auctions (with starting prices and hidden minimums) and standard classified advertisements-all of course with the ability to upload photographs.

With a fun and engaging single-minded message to the market, SouqIt will revolutionise how people buy and sell products and services in Qatar.

Delivering on our strategies

5. A fixed network and beyond

Our final strategy focuses on providing superfast broadband for everyone in Qatar; commencing the build of our fixed line network is part of our journey towards achieving this.

It is a great time to be part of the state of Qatar

This year Vodafone Qatar was awarded its mobile licence, His Highness the Emir shared his Vision 2030 highlighting ambitious plans for Qatar. Just last year this Vision was sent into overdrive when Qatar was awarded the opportunity to host the 2022 FIFA World Cup. Prospects for the country's growth, despite the financial crisis, have never looked better – and Vodafone Qatar is poised to become a part of the boom.

Vodafone Qatar was awarded the second fixed line licence on 29 April 2010 with an initial obligation to provide Broadband services to residents of The Pearl within three months. Further obligations were to provide 100% coverage to West Bay CBD within 30 months and to the rest of Qatar within 48 months.

The Pearl Qatar: A glimpse at Vodafone's future

Vodafone Qatar became the exclusive provider of fibre-based broadband services to residents of The Pearl, launching commercial services in July 2010; there are projected to be 41,000 residents once construction is completed. Vodafone Qatar is currently the exclusive provider of indoor mobile coverage at The Pearl. Our footprint of indoor building coverage continues to grow as we install telecommunications cabling during the construction phase.

Bringing superfast broadband for everyone!

Qatar has surpassed most nations around the world with the establishment of the Qatar National Broadband Network company (Q.NBN). Q.NBN is owned 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. Qatar's goal is to provide high-speed, affordable internet access to 100% of government and business and 95% of all households by 2015.

Vodafone Qatar will work closely with Q.NBN as part of our provision to deliver fixed telecommunications services in Qatar.

Fixed line construction is underway

We have started to lay fibre between our two data centres at QSTP and QDC; this will form part of the fibre backbone for our fixed and mobile core networks. Our programme to install a converged Alcatel-Lucent mobile and fixed core switching network will be completed by January 2012; once again our key dependency in achieving this is the securing of necessary permits from the relevant authorities.

Making the world a better place

At Vodafone Qatar, Corporate Social Responsibility is known as Better World; our goal is to make the world a better place with everything we do. Better World is widely adopted throughout Vodafone Qatar and has four key areas of focus:

A Green World

We believe in supporting innovative products and services that enable us and our customers to nurture and protect the environment. By recycling as much as possible, we can prevent wastage and ease pressure on landfills.

- We use alternative forms of electricity to power our network, helping Qatar to save energy; we deployed the first hybrid powered base station in Qatar.
- We have also deployed camouflaged base stations inside some of the country's minarets (with support from the Ministry of Endowment and Islamic Affairs) and high-rise buildings to integrate them into the Qatari landscape and make them virtually undetectable, reducing visual pollution.
- In May 2010 we introduced a 100% environmentally friendly SIM packaging made of recyclable materials.
- Making the most of Qatar's abundant sunshine resource, we launched a Solar Mobile Recharger (which uses a photovoltaic solar cell to collect energy) and the Vodafone 247 (the first Vodafone branded solar-powered mobile phone).
- Eco-friendly shopping bags were introduced in our retail stores in support of Qatar Environment Day. The bags break down naturally without causing any damage to the environment.

A Responsible World

Honesty and Integrity are at the core of Vodafone's operations. We are committed to taking care of our customers, protecting their privacy and their rights and we are devoted to looking after our employees. We pride ourselves on conducting our business in a transparent way and in doing so we expect honesty and integrity from all of our people and business partners.

A Connected World

We believe in using our unique expertise and technology as a communications provider for the benefit of our customers and the community.

- The launch of Vodafone Money Transfer in November 2010 has improved the accessibility of financial services to low-income groups (see page 68).
- Vodafone Qatar developed an SMS tool that allows Red Crescent to call for volunteers in case of emergency.
- We quickly reduced calling rates to crisis-hit countries including Pakistan, Tunisia, Egypt and Japan to make it easier for our customers to contact family and friends (see page 46).

A Giving World

In addition to our normal business operations, our staff are passionate about helping others; some people choose to donate their skills and time to benefit others in the community whilst others donate money to organisations doing great work in Qatar or abroad.

Last year Vodafone Qatar established the Vodafone Qatar Charitable Fund which is aligned with other Vodafone Foundations around the world.

- In December 2010, Vodafone Qatar donated USD 2.5 million (QAR 9 million) to Reach Out To Asia (ROTA) to support educational projects in Nepal and Indonesia as well as setting up new youth clubs in Qatar.
- Vodafone Qatar's World of Difference programme provides four people with 12 months of funding to undertake projects to help the community in Qatar. The projects this year ranged from helping young girls to stay fit and healthy, to teaching English to non-native speakers from labour camps.

The future looks great

We are always innovating and providing value in the market. Next financial year it is our intention to increase our attractiveness to ALL customer segments in Qatar. This will be achieved by focusing on:

Building a world class network

Our target is to build a world class network to take Qatar into the future. To help achieve our objective, we have allocated additional capital in the upcoming financial year to increase the number of cell sites in our network and to replace temporary sites with permanent constructions; this will improve coverage and signal strength in areas that our drive testing identified as needing improvement. As a matter of priority we are working with the authorities to gain approvals for land access on which to build our permanent cell sites, targeting 128 this year. As part of this, Vodafone Qatar is committed to sharing towers with Qtel to reduce the number of separate towers built and to camouflage sites in sensitive areas where required by the Government.

Number Portability

Vodafone Qatar has been working with ictQATAR and Qtel to deliver Mobile Number Portability (MNP) to the State of Qatar. Introducing MNP in this market will be of great benefit to customers who wish to change their telecommunications provider but keep their existing phone number.

Introducing new ways to pay

Vodafone Business World was launched in November 2010, allowing business customers the opportunity to receive detailed bills and to make payment in arrears. We have received very positive feedback, and as a result we now intend to make this facility available to all our customers.

Increasing Vodafone Money Transfer Footprint

The launch of Vodafone Money Transfer in late 2010 revolutionised the way that many of Qatar's expat workers send money home to their families; this service was initially launched only to the Philippines. By popular demand we will be rolling this service out to other countries throughout Asia during 2011.

Fixed line services

We will launch further fixed line services in 2011, making Vodafone Qatar a full service telecommunications provider for both consumers and businesses.

As Vodafone has grown and matured over the last financial year, we launched a campaign on local television stations highlighting the strength of our network, announcing innovation through the Vodafone Money Transfer service, the launch of Vodafone Business World, and overall great value through our series of products and promotions.

We are continuing to invest in our business to make improvements to our products and services to ensure that the future looks great for our customers.

Financial statements

Independent auditor's report

To The Shareholders
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 at March 31, 2011 and the 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 information.

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 judgment, 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 give a true and fair view of the financial position of Vodafone Qatar Q.S.C. as of March 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. (5) of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Commercial Companies Law or the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche

Doha – Qatar
May 25, 2011

Midhat Salha
Licence No. 257

Statement of income

For the year ended March 31, 2011

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
		QAR '000	QAR '000
Revenue	6	**934,899**	361,522
Direct costs		**(475,042)**	(247,570)
Other expenses	7	**(486,939)**	(339,253)
Earnings before interest, tax, depreciation, and amortisation		**(27,082)**	(225,301)
Depreciation		**(145,844)**	(80,007)
Amortisation of licences		**(402,637)**	(369,265)
Interest income		**5,397**	26,680
Financing costs	8	**(30,551)**	(25,495)
Loss before taxation		**(600,717)**	(673,388)
Income tax expense	9	**-**	-
Loss for the financial year		**(600,717)**	(673,388)
Basic and diluted loss per share (QAR)	22	**(0.71)**	(0.82)

The accompanying notes are an integral part of these financial statements.

Statement of comprehensive income

For the year ended March 31, 2011

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
		QAR '000	QAR '000
Loss for the financial year		**(600,717)**	(673,388)
Gains arising from cash flow hedge during the year	17	**19,784**	-
Total comprehensive loss for the financial year		**(580,933)**	(673,388)

The accompanying notes are an integral part of these financial statements.

Statement of financial position

At March 31, 2011

	Notes	2011	2010
		QAR '000	QAR '000
Non-current assets			
Property, plant and equipment	10	**1,161,201**	832,283
Intangible assets	11	**6,954,098**	7,346,735
Trade and other receivables	13	**5,668**	4,432
Total non-current assets		**8,120,967**	8,183,450
Current assets			
Inventories	12	**11,496**	21,713
Trade and other receivables	13	**200,314**	118,207
Cash and cash equivalents	14	**83,261**	85,356
Total current assets		**295,071**	225,276
Total assets		**8,416,038**	8,408,726
Equity			
Share capital	15	**8,454,000**	8,454,000
Legal reserve	16	**11,442**	11,442
Hedging reserve	17	**19,784**	-
Accumulated losses		**(1,407,028)**	(806,311)
Total equity		**7,078,198**	7,659,131
Non-current liabilities			
End of employment benefits		**4,707**	1,972
Provisions	18	**8,604**	4,848
Long term borrowings	19	**727,672**	379,083
Total non-current liabilities		**740,983**	385,903
Current liabilities			
Trade and other payables	20	**596,857**	363,692
Total current liabilities		**596,857**	363,692
Total liabilities		**1,337,840**	749,595
Total equity and liabilities		**8,416,038**	8,408,726

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on May 25, 2011 and were signed on its behalf by:

John Tombleson
Acting Chief Executive Officer

Matthew Harrison-Harvey
Director, Regulatory and External Affairs

Statement of changes in equity

For the year ended March 31, 2011

	Share capital	Legal reserve	Hedging reserve	Accumulated losses	Total
	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000
Balance at April 1, 2009	5,072,400	-	-	(132,923)	4,939,477
Issue of shares	3,381,600	-	-	-	3,381,600
Net issuance fee in respect of the IPO	-	11,442	-	-	11,442
Comprehensive loss for the financial year	-	-	-	(673,388)	(673,388)
Balance at March 31, 2010	**8,454,000**	**11,442**	**-**	**(806,311)**	**7,659,131**
Comprehensive loss for the year					
- Loss for the financial year	-	-	-	(600,717)	(600,717)
- Gains arising from cash flow hedge during the year	-	-	19,784	-	19,784
Balance at March 31, 2011	**8,454,000**	**11,442**	**19,784**	**(1,407,028)**	**7,078,198**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

For the year ended March 31, 2011

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
		QAR '000	QAR '000
Net cash flows used in operating activities	21	**(28,523)**	(147,863)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(292,698)**	(423,994)
Payment for intangible assets		**(10,000)**	(3,086,400)
Interest received		**5,397**	26,680
Net cash flows used in investing activities		**(297,301)**	(3,483,714)
Cash flows from financing activities			
Issue of ordinary share capital		**-**	3,393,042
Proceeds of long term borrowings		**348,589**	379,083
Net movement in short term borrowing		**-**	(35,000)
Interest paid		**(24,860)**	(20,746)
Net cash flows from financing activities		**323,729**	3,716,379
Net (decrease)/increase in cash and cash equivalents		**(2,095)**	84,802
Cash and cash equivalents at the beginning of the year		**85,356**	554
Cash and cash equivalents at the end of the year	14	**83,261**	85,356

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

For the year ended March 31, 2011

1. Incorporation and activities

Vodafone Qatar Q.S.C ("the Company") is registered as a Qatari Shareholding Company for a twenty- five year period (which may be extended by a resolution passed at a General Assembly) under article 68 of the Commercial Companies Law Number 5 of 2002.

The Ministry of Business and Trade granted its approval for the incorporation of the Company, as per Ministerial Resolution Number (160) of 2008, dated June 22, 2008. The Company was registered with the Commercial Register of the Ministry of Business and Trade on June 23, 2008 under number 39656. The incorporation of the Company was completed upon the publication in the Official Gazette of Ministerial Resolution Number (160) of 2008. During the prior year, the Company successfully completed the initial public offering of 338,160,000 ordinary shares and was listed on the Qatar Exchange.

The Company is engaged in providing cellular mobile telecommunication services and selling mobile related equipment and accessories.

The Company's head office is located in Doha, Qatar and its registered address is P.O. Box 27727, Doha, Qatar.

The financial statements were approved by the Board of Directors and authorised for issue on May 25, 2011.

2. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

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 4. 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.

The amounts in the financial statements are stated in thousands of Qatari Riyals (QAR) unless indicated otherwise.

3. Significant accounting policies

Accounting Convention

The financial statements are prepared on a historical cost basis, except for certain financial and equity instruments that have been measured at fair value.

Foreign currencies

Foreign currency transactions are translated into Qatari Riyals using the exchange rates prevailing at the dates of the transactions. 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.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

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 stock exchange and is not subject to income tax.

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.

Finite lived intangible assets

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 in the expense category consistent with the function of the intangible asset.

Licence fees

Licence and spectrum 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 licences are 20 years and 25 years respectively.

Property, plant and equipment

Buildings held for use are stated in the statement of financial position at their cost less subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Equipment, fixtures and fittings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, using the straight-line method, over their estimated useful lives, as follows:

Freehold building	25 – 50 years
Leasehold premises	the term of the lease

Equipment, fixtures and fittings:

Network infrastructure	3 -8 years
Others	2-5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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.

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.

Revenue recognition

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 a four-year period on a straight line basis, which is the expected useful life of the customer. Revenue from money transfer transactions is recognised when earned, upon the transfer of funds.

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 associated with the device are transferred.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a stand-alone basis and (2) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value.

Commissions

Intermediaries are given cash incentives by the Company to connect new customers and upgrade existing customers, and distribute recharge cards. The cash incentives are accounted for as an expense.

Inventory

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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

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.

Financial instruments

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

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.

Trade payables

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

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.

Capital market and bank 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

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

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. Changes in values of all derivatives of a financing nature are included within investment income and financing costs in the income statement. 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
- hedges of net investments in foreign operations; or
- cash flow hedges.

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 the income statement, and is included in the 'other gains and losses' line item.

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 of 30 days, 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.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of income.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised through the statement of income are not reversed through the statement of income. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

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.

4. 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 10 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 20 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 in years nine to ten of management plan.

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.

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 is amortised over a four 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:

Licences 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 also represent a significant proportion of the asset base of the Company being 13.8% (2010: 9.9%) 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.

Estimation of useful life

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 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.

5. Segment reporting

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 only operating segment of the Company. Fixed line and money transfer services are considered to be part of the same operating segment and reported as such internally to management.

6. Revenue

	Year ended March 31, 2011	Year ended March 31, 2010
	QAR '000	QAR '000
Revenue from sale of goods and services	**916,068**	347,209
Other revenue	**18,831**	14,313
	934,899	361,522

7. Other expenses

	Year ended March 31, 2011	Year ended March 31, 2010
	QAR '000	QAR '000
Employee benefits expense	**156,906**	144,891
Operating lease rentals	**121,452**	62,311
Other expenses	**208,581**	132,051
	486,939	339,253

8. Financing costs

	Year ended March 31, 2011	Year ended March 31, 2010
	QAR '000	QAR '000
Bank guarantee charges on unpaid 40% licence cost	**-**	3,858
Other guarantee charges	**730**	1,345
Interest on short term borrowing	**-**	266
Interest on long term borrowings	**25,635**	17,961
Others	**4,186**	2,065
	30,551	25,495

9. Income tax expense

	Year ended March 31, 2011	Year ended March 31, 2010
	QAR '000	QAR '000
Income tax expense	**-**	-

Corporate income tax is levied on companies that are not wholly owned by Qatari citizens or GCC nationals, based on the net profit of the Company.

Deferred tax assets have not been recognised on the basis that the Company has a five year tax holiday following its incorporation and is exempt from paying income tax under its listed Company status.

10. Property, plant and equipment

	IT, furniture, fixtures and fittings	Network, plant and equipment	Total
	QAR '000	QAR '000	QAR '000
Cost:			
At March 31, 2009	79,627	309,642	389,269
Additions	24,776	498,997	523,773
At March 31, 2010	104,403	808,639	913,042
Additions	249,591	225,171	474,762
At March 31, 2011	**353,994**	**1,033,810**	**1,387,804**
Accumulated Depreciation:			
At March 31, 2009	752	-	752
Charge for the year	15,966	64,041	80,007
At March 31, 2010	16,718	64,041	80,759
Charge for the year	70,572	75,272	145,844
At March 31, 2011	**87,290**	**139,313**	**226,603**
Net book value:			
At March 31, 2011	**266,704**	**894,497**	**1,161,201**
At March 31, 2010	87,685	744,598	832,283

The net book value of furniture, fixtures and fittings and network and IT equipment includes assets in the course of construction, which are not depreciated. This amounts to QAR 238 million (2010: QAR 103 million).

11. Intangible assets

	Total
	QAR '000
Licences – Cost:	
At March 31, 2009	**7,716,000**
Additions	-
At March 31, 2010	**7,716,000**
Additions	10,000
At March 31, 2011	**7,726,000**
Licences – Accumulated amortisation:	
At March 31, 2009	**-**
Amortisation charge for the year	369,265
At March 31, 2010	**369,265**
Amortisation charge for the year	402,637
At March 31, 2011	**771,902**
Licences – Net book value:	
At March 31, 2011	**6,954,098**
At March 31, 2010	7,346,735

During the financial year, the Company commenced amortisation of its Public Fixed Telecommunications Network and Service Licence granted from ictQatar during the year. The licence will expire in April 2035.

12. Inventories

	2011	2010
	QAR '000	QAR '000
Goods held for resale	**11,496**	21,713
Inventory is reported net of allowance for obsolescence, an analysis of which is as follows:		
At April 1	**943**	-
Amounts charged to statement of income	**2,682**	943
At March 31	**3,625**	943

13. Trade and other receivables

	2011	2010
	QAR '000	QAR '000
Included within non-current assets:		
Prepayments	**5,668**	4,432
Included within current assets:		
Trade receivables	**141,047**	77,839
Prepayments	**30,863**	30,307
Due from related parties (note 23)	**205**	765
Other receivables	**28,199**	9,296
	200,314	118,207

14. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and term deposits with original maturities of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	2011	2010
	QAR '000	QAR '000
Cash at bank and on hand	**83,261**	85,356

15. Share capital

	2011		2010	
	Number	**QAR '000**	Number	QAR '000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QAR 10 each	**845,400,000**	**8,454,000**	845,400,000	8,454,000

16. Legal reserve

During the financial year ended March 31, 2010, the Company successfully completed an initial public offering of 338,160,000 ordinary shares. The offer price was QAR 10 per share and QAR 0.25 per share was charged to cover the cost of the share issue. All the shares were fully subscribed. The excess of issuance fees of QAR 0.25 per share over the issuance cost has been transferred to the legal reserve.

17. Cash flow hedge

Under the Company's foreign exchange management policy, the Company hedges foreign exchange risk in external transactions by using the forward foreign exchange market.

During the period, the Company entered into a number of forward foreign exchange contracts. The fair value gain in the statement of comprehensive income represents the difference between the fair value of the foreign exchange forwards at contract date and at the reporting date. The notional amount of the hedge contracts as at March 31, 2011 amounts to USD 40 million.

18. Provisions

	2011	2010
	QAR '000	QAR '000
Asset retirement obligation	**8,604**	4,848

Asset Retirement Obligations

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

19. Borrowings

	2011	2010
	QAR '000	QAR '000
Loan from Vodafone Investment SARL	**727,672**	379,083

During the financial year, the Company obtained a second revolving credit facility of USD 120 million from Vodafone Investments Luxembourg SARL. The loan bears interest at a variable rate, and is repayable on May 3, 2014. During the year, the Company has drawn down USD 96 million.

The Company's first credit facility of USD 110 million was also obtained from Vodafone Investments Luxembourg SARL and also bears interest at a variable rate. This credit facility is repayable on April 2, 2012.

20. Trade and other payables

	2011	2010
	QAR '000	QAR '000
Trade payables	**66,336**	36,119
Accruals and deferred income	**398,319**	310,971
Other payables	**54,869**	11,273
Due to related parties (note 23)	**77,333**	5,329
	596,857	363,692

21. Reconciliation of net cash flows used in operating activities

	2011	2010
	QAR '000	QAR '000
Operating loss for the year before interest income and finance cost	**(575,563)**	(674,573)
Adjustments for:		
Depreciation and amortisation	**548,481**	449,272
Finance costs	**(5,691)**	(4,749)
Decrease/(increase) in inventory	**10,217**	(16,929)
Increase in trade and other receivables	**(63,559)**	(91,586)
Increase in trade and other payables	**51,101**	184,524
Increase in end of employment benefits	**2,735**	1,580
Increase in provisions	**3,756**	4,598
Net cash flows used in operating activities	**(28,523)**	(147,863)

22. Basic and diluted loss per share

	Year ended March 31, 2011	Year ended March 31, 2010
Loss for the year (QAR '000)	**(600,717)**	(673,388)
Weighted average number of shares (in thousands)	**845,400**	817,220
Basic and diluted loss per share (QAR)	**(0.71)**	(0.82)

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

23. 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 March 31, 2011	Year ended March 31, 2010
	QAR '000	QAR '000
Sales of goods and services		
Vodafone Group Plc controlled entities	**153**	717
Purchases of goods and services		
Vodafone Group Plc controlled entities	**25,819**	30,754
Interest on Guarantee		
Qatar Foundation for Education, Science and Community Development	**-**	3,858
Interest on Long Term Borrowing		
Vodafone Group Plc controlled entities	**25,635**	17,961

Goods and services are bought from related parties at prices approved by management.

	2011	2010
	QAR '000	QAR '000
Balances arising from sales/purchases of goods/services		
Receivables from related parties: Vodafone Group Plc controlled entities	**205**	765
Payables to related parties: Vodafone Group Plc controlled entities	**77,333**	5,329
Loan from a related party: Loan from Vodafone Investment SARL	**727,672**	379,083

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest. The payables to related parties arise mainly from purchase transactions and bear no interest. Loans from related parties bear interest at variable rates.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended March 31, 2011	Year ended March 31, 2010
	QAR '000	QAR '000
Salaries and short term benefits	**31,113**	20,126
Employees' end of service benefits	**149**	81
	31,262	20,207

24. Financial instruments

Capital risk management

The following table summarises the capital structure of the Company:

	2011	2010
	QAR '000	QAR '000
Cash and cash equivalents	(83,261)	(85,356)
Borrowings	727,672	379,083
Net debt	644,411	293,727
Equity	7,078,198	7,659,131
	7,722,609	7,952,858

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 party to meet anticipated funding requirements.

Categories of financial instruments

	2011	2010
	QAR '000	QAR '000
Financial assets		
Cash and cash equivalents	83,261	85,356
Trade and other receivables	205,982	122,639
Financial liabilities		
Trade and other payables	596,857	363,692
Long term borrowings	727,672	379,083

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 contracts, to hedge its exposure to currency fluctuations.

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 March 31, 2011 there would be an increase or reduction in the total loss for the financial year before tax of QAR 1.4 million (2010: increase or reduction by QAR 1 million).

Credit risk management

Credit risk refers to the risk that a 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:

	2011	2010
	QAR '000	QAR '000
At April 1	-	-
Amounts charged to income statement	20,911	-
At March 31	20,911	-

The following table presents ageing of receivables that are past due and are presented net of provisions for doubtful receivables that have been established:

	2011	2010
	QAR '000	QAR '000
31 – 60 days	19,844	1,126
61 – 90 days	3,655	13,238
91–120 days	801	11,646
Over 120 days	2,040	82
	26,340	26,092

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 2011	Carrying amount 2010
	QAR '000	QAR '000
Cash and cash equivalents	83,261	85,356
Trade and other receivables	205,982	122,639
	289,243	207,995

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. During the financial year, the Company secured additional borrowing of USD 120 million 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.

	Less than 1 year	Between 1 and 2 years
	QAR '000	QAR '000
At March 31, 2011		
Trade and other payables	596,857	-
Long term borrowings	-	727,672
At March 31, 2010		
Trade and other payables	363,692	-
Long term borrowings	-	379,083

Fair value of financial instruments

Fair value is not materially different from the carrying amount.

25. 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:

	2011	2010
	QAR '000	QAR '000
Within one year	**102,272**	48,765
In more than one year but less than two years	**46,764**	43,228
In more than two years but less than three years	**45,592**	40,213
In more than three years but less than four years	**42,876**	38,228
In more than four years but less than five years	**42,738**	29,001
In more than five years	**365,744**	222,551
	645,986	421,986

Capital commitments

	2011	2010
	QAR '000	QAR '000
Contracts, placed for future capital expenditure not provided for in the financial statements	**55,993**	64,693

Contingent liabilities

	2011	2010
	QAR '000	QAR '000
Performance bonds	**115,000**	220,000
Credit guarantees – third party indebtedness	**1,152**	700

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.

26. Adoption of new and revised accounting standards

26.1 Standards and Interpretations effective in the current period

At the date of authorization of these financial statements, the following standards and interpretations were effective:

(i) Revised standards:

IFRS 1 (Revised) First time adoption of International Financial Reporting Standards

IFRS 2 (Revised) Share-based Payment

IFRS 3 (Revised) Business combinations

IFRS 5 (Revised) Non Current assets Held for Sale & Discontinued Operations

IFRS 8 (Revised) Operating Segments

IAS 1 (Revised) Presentation of Financial Statements.

IAS 7 (Revised) Statement of cashflows

IAS 17 (Revised) Leases

IAS 27 (Revised) Consolidated and Separate Financial Statements

IAS 28 (Revised) Investment in associates

IAS 31 (Revised) Interests in joint ventures

IAS 36 (Revised) Impairment of Assets

IAS 38 (Revised) Intangible Assets

IAS 39 (Revised) Financial Instruments: Recognition and Measurement

(ii) Revised Interpretations

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 16 Hedges of Net Investment in Foreign Operations

(iii) Withdrawn Interpretations

IFRIC 8 Scope of IFRS 2

IFRIC 11 Group and Treasury Share Transactions

(iv) New Interpretations

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfers of Assets from Customers

The adoption of these standards and interpretations had no significant effect on the financial statements of the Company for the year ended March 31, 2011, other than certain presentation and disclosure changes.

26.2 Standards and Interpretations in issue not yet effective

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective:

(i) Revised Standards

Effective for annual periods beginning on or after February 1, 2010

IAS 32 (Revised) Financial Instruments : Presentation

Effective for annual periods beginning on or after July 1, 2010

IFRS 1 (Revised) First time adoption of International Financial Reporting Standards

IFRS 3 (Revised) Business combinations

IAS 27 (Revised) Consolidated and Separate Financial Statements

Effective for annual periods beginning on or after January 1, 2011

IFRS 1 (Revised) First time adoption of International Financial Reporting Standards

IFRS 7 (Revised) Financial Instruments disclosures IAS 1 (Revised) – Presentation of Financial Statements

IAS 24 (Revised) Related Party Disclosures

IAS 34 (Revised) Interim Financial Reporting

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed so long as the revisions to IAS 27, IAS 28 and the new standards IFRS 10, IFRS 11 and IFRS 12 are all applied early).

IAS 27 Separate Financial Statement

IAS 28 Investments in Associates and Joint Ventures

(ii) New Standard:

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

IFRS 9 Financial Instruments –Classification and Measurement

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed so long as the revisions to IAS 27, IAS 28 and the new standards IFRS 10, IFRS 11 and IFRS 12 are all applied early).

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements (supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers

IFRS 12 Disclosure of Involvement with Other Entities

(iii) Revised Interpretations

Effective for annual periods beginning on or after January 1, 2011

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(iv) New Interpretations

Effective for annual periods beginning on or after July 1, 2010

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company in the period of initial application, other than certain presentation and disclosure changes.

Glossary

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

Champion(s)
The very special people who serve customers at the front lines through retail and customer care.

EBIT
Earnings Before Interest and Tax.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation.

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

Interconnect costs
A charge paid by Vodafone Qatar to other fixed line or mobile operators when a Vodafone customer calls a customer connected to a different network.

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

Q.NBN
Q.NBN or Qatar National Broadband Network is a new company 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.

Red
Vodafone Qatar's plans offering customers a traditional prepay experience.

ROTA
Reach Out To Asia is a charity initiative founded in Qatar in 2005 under the auspices of the heir apparent, His Highness 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.