Annual Report 2014

بسم الله الرحمن الرحيم

In the Name of Allah Most Gracious Most Merciful

His Highness Sheikh Tamim Bin Hamad Al Thani, Emir of the State of Qatar

Contents

Our vision is to enrich people's lives as a leading international communications company.

"Qatar is on its way to becoming a truly Smart Nation – showing what is possible when mobile technology is incorporated into every aspect of national development. We are uniquely placed to be a hub to connect and share the benefits of new breakthroughs between East and West, the developing world and developed countries.

Our principles are simple – identify what people want and then deliver it to them efficiently, cost effectively and without fuss. Our energy is strong, our intent genuine. We invite you to join us in our drive towards a better future."

H.E. Sheikh Abdulla Bin Mohammed Bin Saud Al Thani,
speaking at the ITU Telecom World 2014 in Qatar

7 December 2014

Dear Shareholders,

The communications sector has transformed almost entirely in recent years. The dawn of the digital era has changed everything – for customers, operators and for our wider communities.

Ooredoo stands out as a company that recognised the changes taking place in our industry, and took steps to stay ahead of the curve. We developed a clear plan, reviewed our business models, and listened to our customers' expectations and aspirations. As a result, we have gone through a significant change process in recent years – and emerged as a stronger, smarter company.

Chairman's Message

When we review Ooredoo's achievements over the past year, we can see the significant progress that has been made across our diverse markets.

Ooredoo today is a truly global giant. A few years ago, I made a promise to you, our shareholders, that Ooredoo would become one of the select few operators in the world with more than 100 million customers across its footprint. I am very proud to say that this Annual Report shows that we reached this target in 2014, and now serve more than 107 million.

More than just achieving impressive growth, we have also been successful in transforming our business to meet the needs of our customers, today and in the future. We recognised the impact that the digital era is having on our industry, and we invested to strengthen our network foundations accordingly.

We have made great strides in 3G, 4G and Fibre services in 2014, and we are well-positioned to increase our market share in fast-growing, data-hungry markets. We've done this because we see that data, more than voice, will deliver the most sustainable and significant growth for stakeholders in the years ahead.

As you will see from this report, the result of this hard work is that Ooredoo is now a data leader in emerging markets. We have put data at the heart of our business plans: it was the largest contributor to revenue growth in 2014, reaching 25 percent of total Group revenue by year-end.

Alongside network modernisation, we are in the process of transforming our customer service approach across the Group, to deliver the best customer experience. We have deepened our roots within our communities, with ambitious and far-reaching CSR programmes. We have continued to find, develop and champion national talent in every operation.

All of these programmes have taken place alongside the transformation of our brand, as we have rolled out the Ooredoo identity across the majority of our operations in 2014. Working together, as one brand, we are achieving more today than we have ever done in our company's history.

A positive year

At the close of 2014, Ooredoo delivered strong results in the face of challenging conditions in some key markets. We officially passed the 100 million customer milestone in the final quarter of 2014, when the Group's consolidated customer base stood at 107 million (FY 2013: 96 million), representing year-on-year growth of 12 percent.

Group revenue for the twelve months decreased by 2 percent to QR 33,207 million (FY 2013: QR 33,851 million). Group EBITDA stood at QR 12,948 million (FY 2013: QR 14,640 million) with EBITDA margin decreasing to 39 percent (FY 2013: 43 percent) due to the continued strategic investments across the business in broadband networks, customer acquisition and retention, global brand roll-out, service launches and customer experience.

Net profit attributable to Ooredoo shareholders for 2014 was QR 2,134 million (FY 2013: QR 2,579 million).

Reaching new markets and launching new services

One of the proudest moments in 2014 – among many – was the launch of our commercial operations in Myanmar in August. You will see in this report that Ooredoo Myanmar had more than one million customers within the first three weeks of operations, but that number doesn't communicate the human impact of our services.

You had to be in the country to fully understand. We had people queuing overnight to receive their first-ever SIM card. There were fathers with their children, entrepreneurs, and fishermen who had walked miles into town. It was humbling to see, and it reminded me again of the incredible power of our services in enabling people to pursue their dreams and aspirations.

That has been the power of the Ooredoo brand in 2014. We have successfully brought the brand to life in Tunisia, Kuwait, Myanmar and Oman this year, joining the Ooredoo family of operations in Qatar, Algeria and the Maldives.

One of the key benefits has been the creation of common assets that can be deployed across the Group.

Our work with our brand ambassador, Leo Messi, is one such example. Our first global campaign, "Simply Do Wonders", which was launched in 2014 to coincide with the FIFA World Cup, delivered incredible results in Southeast Asia and the MENA region, demonstrating the unifying power of football. Our advert was the most-watched branded video from the region online, with more than 11 million views.

The Group's consolidated customer base stood at 107 million (FY 2013: 96 million)

107 million

The Board is pleased to recommend the distribution of a cash dividend of 40 percent of the nominal share value.

40 percent

External revenue by region, 2014

In addition, our CSR work with the Leo Messi Foundation that supports mobile clinics for remote and rural communities is now active across our footprint – demonstrating the impact that our shared efforts can deliver. As Ooredoo, we are able to work with a globally-recognised figure like Messi to engage customers in every market, and particularly to engage young people and inspire their ambitions.

The deployment of a unified brand has also enabled the Group to benefit from strategic synergies, leveraging Group negotiation and framework agreements with key partners and vendors. As a result, we are now faster to market when we launch new services to support our customers' digital lifestyles.

We are using our enhanced speed and scale to realise greater value from our operations. In 2014, we took significant steps to build upon our successes in these key areas.

Ooredoo Global Services (OGS), which was established as the Group's wholesale arm in May, offers all of Ooredoo's expertise and global network connectivity to wholesale carriers via a single point of contact. This new entity enables our wholesale and carrier customers to benefit from a world-class network that serves as a global exchange for voice, capacity, data and roaming traffic. We enjoyed a very positive industry response to the launch of OGS and, by unleashing hidden value through consolidation, we believe it will continue to deliver important returns.

We also launched Ooredoo Business in 2014, a unit that will pursue new opportunities in the thriving B2B market. With a portfolio that ranges from connectivity to cloud and hosting solutions, through to new areas like machine-to-machine communications, we're confident that we can build a leadership position across our footprint. As Ooredoo, we serve organisations across a wide range of dynamic markets and our expertise enables us to support all types of businesses, from global enterprises through to small companies and start-ups. We are now able to build on our record as a leading provider of communication services for businesses, and provide a wider range of business solutions.

Throughout all this innovation, we continued to pursue our prudent financial strategy. During the course of 2014, Ooredoo signed a US$1 billion revolving credit facility agreement with a syndicate of major banks as well as three Commodity Murabaha facilities for a total of US$498 million, to provide us with a firm foundation for our on-going development.

Playing our part in the community

In addition to a dynamic business role, Ooredoo continued to play its part in supporting our communities. In every market, when our customers encountered crises, Ooredoo was there to help them.

With Iraq facing a turbulent year, our colleagues in Asiacell went the extra mile to aid refugees and internally-displaced people, with the support of Ooredoo Group. This included establishing a dedicated call centre and distributing mobile SIMs, so that people could stay connected with their families and receive urgent information.

When flooding hit Indonesia at the start and end of 2014, our Mobile Clinics were there to help people. In the Maldives, when thousands of people were without fresh water after a major fire, Ooredoo provided a water tracking service to lead people to the nearest water units. In every market, we demonstrated the power of mobile technology to help those in need.

But more than just reacting to emergencies, we also played a proactive role, engaging with our customers and creating a wide range of initiatives to support the aspirations of young people, empower under-served communities and champion the role of women in our industry and our society. I am very proud that Ooredoo continues to build on its tradition of public service.

A major part of working with our communities is listening to them, and understanding their needs. We showed our willingness to do that in 2014, with the launch of "New Horizons", an in-depth online study of the digital attitudes and aspirations of young people across the MENA region and Indonesia. This landmark study brought to life the optimism, idealism and commitment of the next generation – and reminded us once again of our responsibility to help young people achieve their life goals.

Dividends

The Board of Directors is pleased to recommend to the General Assembly the distribution of a cash dividend of 40 percent of the nominal share value (QR 4).

The Board and governance

The Board has been essential in enabling us to set and reach our goals, and I would like to thank the members for their contributions and direction.

I would also like to acknowledge my sincere appreciation to His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, for his instrumental guidance, and to the support of the people and leadership of Qatar, which has enabled our growth at home and abroad as a proud Qatari company.

When we look back over 2014, we should be proud of our company's achievements. These have been realised with the support of our leadership team, under the guidance of our Board, which has worked tirelessly toward our success.

We couldn't have achieved all this without the support of our shareholders and the commitment of our employees. Every day, I hear about someone who has gone out of their way to resolve a customer's issue, or who has successfully launched a new service, or who has found a way to get more value from our network. Every day, I am impressed and proud to work with such an exceptional team.

With such a strong range of support and talent behind us, I truly believe that Ooredoo will continue to transform, adapt and enrich the lives of our customers.

Abdulla Bin Mohammed Bin Saud Al Thani
Chairman

10 March 2015

Group CEO's Message

Dear Shareholders,

As a company, Ooredoo has a clear vision for enriching the lives of people through our services. This year, we have gone further than ever before in realising that vision.

In December 2014, Qatar was the host nation for the ITU Telecom World Conference and Ooredoo had the honour of organising the event. It was a source of great pride for us all to see Ooredoo shine on this global stage – demonstrating a range of smart services, setting a new network speed world record, and addressing an international audience on key industry topics.

What struck me most about this experience was how much Ooredoo's vision for data resonates with our peers in the industry, and with the young people who participated in the event.

We envisage a world where everyone is connected, all of the time – where our mobile devices support us at work and at home, and deliver every service we need directly to us. It's an exciting vision – and one we are working hard to bring to life.

In this message, I will focus on the steps Ooredoo has taken to thrive in the new digital era and the strategy we are pursuing to ensure returns for our stakeholders even in the most challenging markets.

Building a better Ooredoo

In 2014, we set ourselves four key priorities to create value across the Group.

The first priority was to take the lead in mobile data across our footprint. The investments we have made in network and data services have gone a long way to consolidating our position and preparing us for the future.

We launched 4G+ in Qatar in December, offering speeds nearly double those of 4G. We also premiered 4G services in Indonesia, to coincide with Indosat's 47th anniversary celebrations. Ooredoo now has 4G deployed across five of its nine markets.

In our 3G markets, Ooredoo Algeria secured a market leadership position within its first year of launching 3G services, and Ooredoo Tunisia continues to grow its data market share. In Myanmar, we launched with 3G services, connecting millions of customers to the Internet for the first time. By December 2014, Asiacell had everything in place to offer 3G services pending regulatory approval, which I'm pleased to say we received in January 2015.

Ooredoo's strategy to become a data-centric business made significant progress. Group data revenue now represents 25 percent of group revenue. Ooredoo is now the market leader in data customer share in Algeria, Iraq, Qatar and Tunisia.The company is also rolling out service agreements with OTT players to drive and capture a growing share of data revenue in its markets.

These services have been enabled by partnerships with many global leaders in their field, made possible by Ooredoo's scale and by our close connection with our customers.

In April, we launched our partnership with Rocket Internet to jointly develop digital services in Asia. Our experience in Indonesia has shown the potential for mobile as the preferred medium for e-commerce, and – with growing smartphone penetration and increasing disposable income – we see significant scope for growth and development.

Delivering the best customer experience on the biggest, fastest networks will enable us to continue to grow even in the most competitive markets – and enable us to protect revenue from OTT players, by keeping customers with us through data packages and smart services.

Holding a leadership position in data gives Ooredoo a platform to launch a new generation of "smart services" for our customers. Our enhanced networks provide the foundations for a new generation of smart cities to rise in the Middle East, North Africa and Southeast Asia. Ooredoo is already working with a number of leading organisations to support the development of smart cities, and has signed a number of strategic alliances to introduce new concepts and innovations in 2014.

Our second priority was to realise more value from greater efficiencies. Throughout 2014, we have reviewed cost models across Ooredoo Group and our operations. Cost optimisation efforts have significantly exceeded targets across our footprint and we have been successful in radically transforming our cost models in some areas.

The third priority was to enhance our performance management and governance approach. We have supported a more aggressive planning approach across our footprint in 2014. In some markets, such as Kuwait, we have brought in new leadership to bring renewed energy to our efforts. In others, we have increased functional support and instituted a more comprehensive approach to knowledge-sharing and talent development. Reflecting our success, our Global Talent Mobility programme, which enables us to deploy human resources across the Group, was awarded an international Expatriate Management and Mobility award this year.

Our final priority was to strive to be smarter – not necessarily bigger. We have made a number of key investment decisions in 2014 that we believe will benefit our shareholders in the long-term. As well as pursuing key agreements like the Rocket Internet joint venture, we also took the decision to exit our Bravo position and withdrew from the bidding process for Maroc Telecom. Both these decisions were taken with the long-term interests of the Group in mind.

Part of this smart approach to working is realising more value from our existing portfolio.

For example, we see major opportunities for growth in the business services sector. Ooredoo generated strong revenue growth from its B2B strategy in 2014, with more than QR 4.5 billion of B2B revenues and B2B customers increasing by 25 percent during the year.

This has been supported by impressive initiatives across our operations. In Qatar, we have opened our first "Smart Villa," a show-home that demonstrates smart lifestyle technology on every floor, which we are using to win new business from developers. In Iraq, Asiacell has significantly expanded its B2B sales force and won new customers by creating solutions like customised Closed User Groups. In Indonesia, Indosat is building dedicated B2B channels to meet the unique needs of the millions of small and medium businesses in the country.

Looking ahead

We see major opportunities in the year ahead. As a global communication company, we have a number of strengths that we believe position us well for the future.

For one, we know more about our customers than anyone else. Our charging and billing infrastructure is a unique and valuable asset. We have more contact with our customers than anyone else, and we know how they use data and which services they want most.

We also have the data centres and cloud capacity to host customers' data, and more importantly the tools to protect them. Companies like ours have led the way in data security through our relationships with key security companies, and we continue to innovate.

By partnering with leaders in parallel industries, we can bring the greatest value for our customers and launch a whole new generation of smart services. We are actively working to make "smart cities", "smart transport", "smart healthcare" and "smart stadia" a reality in every market in which we operate.

We believe in a bright and exciting future, built upon the world's best networks. We are confident that our approach will deliver sustained growth in the years ahead. Most importantly, we understand that Ooredoo can enrich the lives of all our customers and play a truly transformative role. We hope you share our excitement.

Dr. Nasser Marafih
Group CEO
10 March 2015

Our Board of Directors

H.E. Sheikh Abdulla Bin Mohammed Bin Saud Al Thani
Chairman

Ooredoo's Chairman of the Board of Directors since July 2000, His Excellency has held several high profile positions in Qatar, including the Chief of the Royal Court (Amiri Diwan) from 2000 to 2005. He was appointed as CEO of Qatar Investment Authority in December 2014, taking the helm of one of the world's largest sovereign wealth funds. He has a diverse background in both the Military and Aviation fields, and was previously a Member of the Planning Council in Qatar. His Excellency's wide experience in and knowledge of the fields of administration and government enrich the Board considerably.

H.E. Ali Shareef Al Emadi
Deputy Chairman

His Excellency, who is the Minister of Finance for the State of Qatar, joined Ooredoo's Board of Directors in March 1999. He has held leadership positions at a number of key Qatari institutions, including his service as the Secretary-General of the Supreme Council for Economic Affairs and Investment, a member of the Supreme Committee for Delivery and Legacy, a Board member and Head of the Investment Committee at Qatar Investment Authority, and Chairman of the Board for QNB Group. Furthermore, he has long experience in the banking sector in his service as the QNB Group CEO from 2005 to 2013. His Excellency Ali Shareef Al Emadi brings significant experience and knowledge in the fields of finance and banking to Ooredoo.

H.E. Mohammed Bin Issa Al Mohannadi
Member

His Excellency joined the Board in July 2000. He currently serves on the Boards of a number of Qatari companies and has held many prominent positions, including previous roles as Chief Financial Officer of the Royal Court (Amiri Diwan) and State Minister. His Excellency's considerable experience in and knowledge of administration, finance and government are greatly beneficial to the Board.

H.E. Turki Mohammed Al Khater
Member

His Excellency joined the Board in 2011, is the President of General Retirement and Social Insurance Authority, Chairman of United Development Company QSC (UDC), Board Member of Masraf Al Rayan, and a Board Member of Al Ahli United Bank in Bahrain. He has previously held the positions of Undersecretary of the Ministry of Public Health and Managing Director of Hamad Medical Corporation, and brings significant experience in business and finance to the Board.

Hareb Masoud Al Darmaki
Member

Mr. Al Darmaki joined the Board in March 1999. He is currently the Executive Director of Private Equity, Abu Dhabi Investment Authority, and a Board Member of several leading financial institutions in the United Arab Emirates. His strengths in the fields of economics, investment, and finance greatly augment the insights of the Board.

Nasser Rashid Al-Humaidi
Member

Mr. Al-Humaidi, who joined the Board in 2011, is the Executive Director – Operations & Support of Qatar Development Bank. Prior to his current positions, he led various management and business technologies roles in multi-industries sectors including utilities, telecom, oil & gas, real estate and banking; contributed to national steering committees and was an advisor in the field of ICT. This diverse background brings a wealth of experience that contributes significantly to the Board.

Omer Abdulaziz Al-Hamed Al-Marwani
Member

Mr. Al-Marawani joined the Board in 2013. Since joining the Qatar Investment Authority in 2006, he has served as Director of the Finance Affairs Department, and has been Acting COO from November 2012 to December 2013. Concurrently, Mr. Al-Marwani has served as Director of Finance and Administration Affairs Department at the Supreme Council for Economic Affairs and Investments since 2003. He brings significant experience in finance to the Board.

Aziz Aluthman Fakhroo
Member

Mr. Fakhroo, who joined the Board in 2011, is currently the Director of Public Increment Management in the Ministry of Finance. Prior to his current position, he was an Associate Director in the Mergers and Acquisitions Department of Qatar Holding LLC, part of the Qatar Investment Authority. He was previously Founder and CEO of Idealys, and currently represents Qatar Holding on the Boards of United Arab Shipping Company and Knowledge Universe. He brings a strong business background and deep understanding of technology to the Board.

Hamad Saeed Al Badi
Member

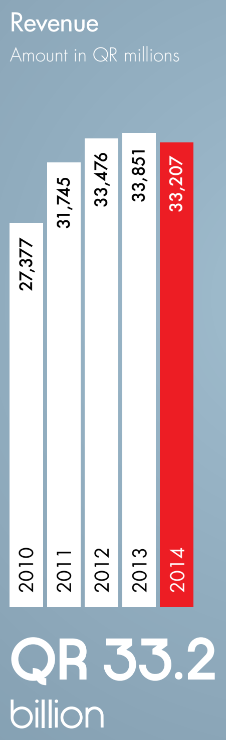
Mr. Al Badi joined the Board in March 2007. He holds the position of Director, International Equities, Abu Dhabi Investment Authority, and is a noted expert in the fields of finance and investment.

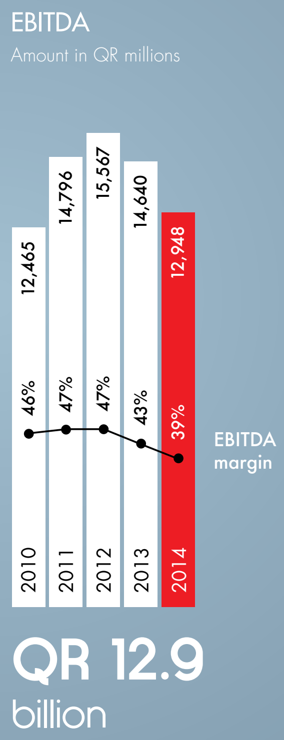
Ibrahim Al Mahmoud
Member

Joining the Board in March 2014, Mr. Al Mahmoud is the newest member of the Ooredoo Board.

Operational and Financial Highlights

Ooredoo delivered strong consolidated performance in 2014 in the face of significant challenges in some markets. The company realised enhanced levels of revenue from data and created new revenue streams in related sectors from its data networks, in addition to launching commercial operations in the new market of Myanmar.





As of 31 December 2014, Group revenue for the twelve months decreased by 2 percent to QR 33,207 million (FY 2013: QR 33,851 million).

Group EBITDA stood at QR 12,948 million (FY 2013: QR 14,640 million) with EBITDA margin decreasing to 39 percent (FY 2013: 43 percent) due to continued strategic investments across the business in broadband networks, customer acquisition and retention, global brand roll-out, service launches and customer experience.

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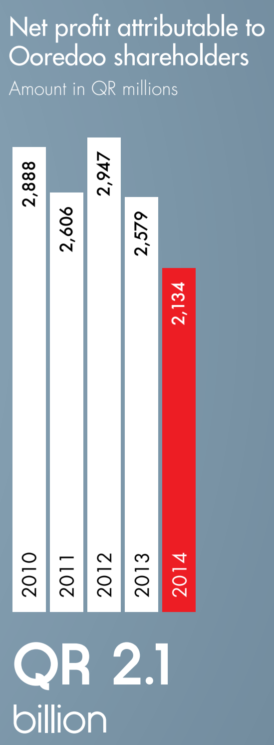
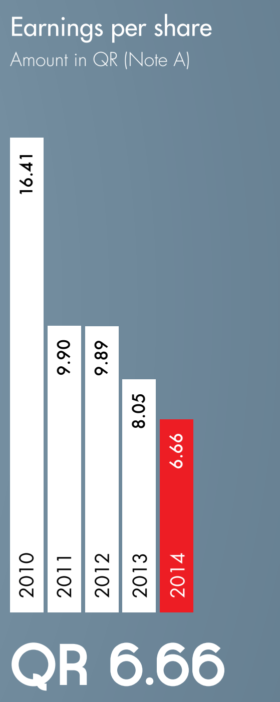
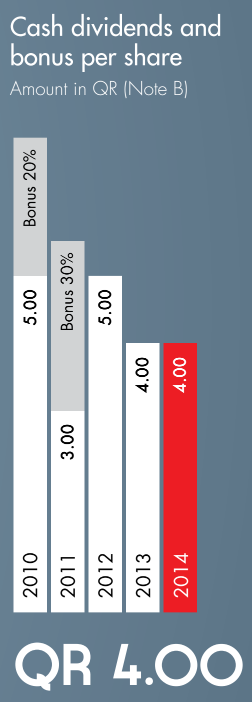
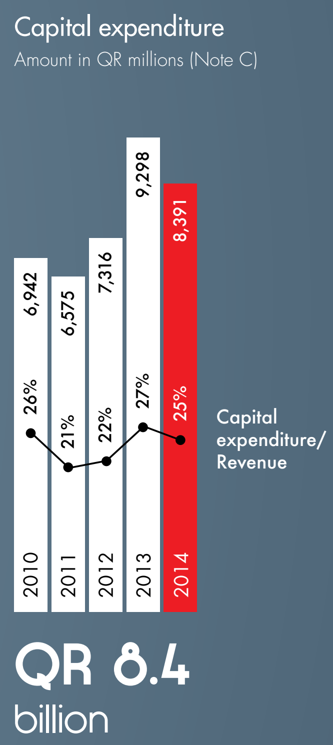








The Group's consolidated customer base stood at 107 million (FY 2013: 96 million), representing year-on-year growth of 12 percent.

Ooredoo's stronger focus on data also produced positive results, with data representing 25 percent of revenue by year-end. The increasing use of data by Ooredoo customers, supported by the move into new service capabilities and enhanced content services, demonstrated the power and potential of Ooredoo's best-in-class data networks.

Key initiatives included the commercial launch of operations in Myamar in August 2014.

The company extended the Ooredoo brand into more markets, including Tunisia, Kuwait, Myanmar and Oman.

In line with its prudent financial strategy, Ooredoo signed a US$ 1 billion revolving credit facility agreement with a syndicate of international banks in May 2014. Ooredoo also signed three Commodity Murabaha facilities for a total of US$498 million in the same month. Both are being used for general corporate purposes.

Note A Earnings per share have been adjusted as a result of the issuance of bonus shares in 2011 (for 2010 bonus) and 2012 (for 2011 bonus) and the right issue in 2012.

Note B 2014 represents proposed dividend.

Note C Capital expenditure does not include intangibles.

Our Reach

Ooredoo is an international telecommunications company with headquarters in Qatar, and a consolidated global customer base of more than 107 million as of 31 December 2014. It operates networks in the Middle East, North Africa, Southeast Asia and Subcontinent.

Qatar (Ooredoo)[1]	
Ooredoo effective stake	100%
Country population	2.3 m
Mobile penetration	185%
Market share	66%
Indonesia (Indosat)[2]	
Ooredoo effective stake	65.0%
Country population	254.8 m
Mobile penetration	136%
Market share	23%
Kuwait (Ooredoo)[3]	
Ooredoo effective stake	92.1%
Country population	4.0 m
Mobile penetration	188%
Market share	33%
Oman (Ooredoo)[4]	
Ooredoo effective stake	55.0%
Country population	4.1 m
Mobile penetration	150%
Market share	41%
Iraq (Asiacell)[5]	
Ooredoo effective stake	64.1%
Country population	33.0 m
Mobile penetration	90%
Market share	39%

Algeria (Ooredoo)[6]

Ooredoo effective stake	74.4%
Country population	38.7 m
Mobile penetration	109%
Market share	33%

Tunisia (Ooredoo)[7]

Ooredoo effective stake	84.1%
Country population	11.0 m
Mobile penetration	136%
Market share	49%

Myanmar (Ooredoo)[8]

Ooredoo effective stake	100.0%
Country population	51.4 m
Mobile penetration	30%
Market share	15%

Palestine (Wataniya)[9]

Ooredoo effective stake	44.6%
Country population	4.6 m
Mobile penetration	78%
Market share	28%

The Maldives (Ooredoo)[10]

Ooredoo effective stake	92.1%
Country population	0.3 m
Mobile penetration	133%
Market share	42%

Pakistan (wi-tribe)[11]

Ooredoo effective stake	86.1%
Country population	186.3 m
WiMax customers	171 k

The Philippines (wi-tribe)[12]

Ooredoo effective stake	40.0%
Country population	99.4 m
WiMax customers	27 k

Singapore (Starhub)[13]

Ooredoo effective stake	14.0%
Country population	5.4 m

Laos (LTC)[14]

Ooredoo effective stake	6.0%
Country population	6.7 m

Asia Pacific (AIH-Rocket)[15]

Ooredoo effective stake	50%

1 Operations integrated within Ooredoo QSC; also include 72.5 percent of Starlink Qatar

6 9 percent of Ooredoo Algeria is held directly by Ooredoo QSC

7 15 percent of Ooredoo Tunisia is held directly by Ooredoo QSC

10 Holds 65 percent of WARF Telecom International Private Limited as a subsidiary

Our Strategy

We recognise that our industry is changing, and are prepared to face the challenges and seize the opportunities this change is creating. Our vision and the effectiveness of our performance have made us a telecommunications industry leader in terms of size, pace of growth and results, as well as market value and shareholder returns.

As we continue to grow, our ambition remains to be a leading international communications company. We also need to stay close to our customers in each market, retaining our local touch while growing globally, and ensuring that we are a community company with a drive to make a difference in the communities we work and live in.

There are three key pillars to this approach:

Differentiate on customer experience

We know our customers and they know us. We are constantly improving customer support and service, along with enhancing our understanding of customer expectations in order to meet their needs. We are engaging on the frontline to truly understand the communities in which we work in. A vibrant customer-centric culture exists at every level of the organisation, and we're building that culture every day.

Strengthen our foundations

A stronger foundation gives us more confidence for future momentum, whether we're evolving as a business or planting the seeds for future success stories.

We are focused on improving productivity and operational excellence – both in our day-to-day operations and in our capital investments.

It goes without saying that the engine that makes all of this happen is our people. We need to keep them happy, and are proud to maintain our reputation as an employer of choice.

Invest in new growth

Ooredoo's mission is reliant on pioneering revenue models that revolve around a new breed of telecommunication services. Our blueprint for progress includes raising the bar for mobility services, broadband solutions, digital futures and fibre technologies, and laying the groundwork for continuous improvement at every turn.

But our investment strategy is not just limited to necessary incremental tweaks, operational infrastructure ramp-ups or business as usual. Our aim is to also innovate and introduce cutting-edge services that shake up the norm in areas like enterprise, finance services, smart technology, entertainment and education.

Awards and Industry Recognition in 2014

A year of major achievements

2014 was a record-setting year for Ooredoo, as the Group and its operations were nominated for a total of 64 international awards and winning 42 – a new high for the company.

Here are some of the highlights from an incredible year.

Telecom.com
Indosat: Dompetku Mobile Wallet, Mobile Money Service

Selular Awards 2014
Indosat:
Best CSR Program

TMT Finance and Investment Awards ME 2014
Ooredoo Group:
Operator of the Year

GTB Innovation Awards 2014
Indosat and Mountain Partners – Ideabox

Ooredoo Tunisia and Ericsson – Self-care portal

Annual Middle East Call Centre Awards 2014
Ooredoo Group:
Best Customer Experience Management Implementation

Ooredoo Qatar:
Best Voice of the Customer and Big Data Initiative

International Business "Stevies" Award
Ooredoo:
Communications Campaign of the Year – "Play for Dreams"

Ooredoo:
Chairman of the Year

Ooredoo:
Grand Stevie Award

Global Telecom Business
Ooredoo Group CEO, Dr. Nasser Marafih:
Power 100

Indosat CEO, Pak Alex:
Power 100

Social Impact for Financial Services Award
Indosat: Mobile Financial Services in Emerging Asia

Global Carrier Awards
Ooredoo Group:
Best Asian project

Ooredoo Group:
Best Vendor Partnership, Orange/Ooredoo/ Bharti Airtel

Al Sharq CSR Awards
Ooredoo Qatar:
Best CSR Initiative (Large Enterprise)

CommsMEA Awards 2014
Ooredoo Qatar:
Technology investment of the year – 4G

Ooredoo Group:
Marketing campaign of the year – "Simply Do Wonders"

Asiacell:
CSR Campaign of the Year – Refugees initiative

Key Moments from 2014

Ooredoo continued to grow and develop throughout 2014. The Ooredoo brand rolled out across new markets, the network enhancement programme delivered better, faster performance, and the company continued to innovate to find new ways to support customers' digital lifestyles.

January

Ooredoo completes the divestment of Bravo

At the start of the year, Ooredoo subsidiary Wataniya Group completed the divestment of Bravo to STC. Ooredoo's strategy is to focus on core businesses, based on global technology standards, and Bravo's "Push to Talk" technology-based business was no longer a good fit with Ooredoo's platform strategy. The move was one of a number of key investment calls in 2014.

Ooredoo delivers incredible network performance in Kuwait

A new report from Omnitele deemed Ooredoo Kuwait's network as one of the best in the region, delivering network performance on a level with the very best international carriers. Among the key findings of the audit was that Ooredoo Kuwait's 3G network's data rate delivered average throughput speeds of 9.5Mbps compared to 8.3Mbps for the best operator measured in Europe. Ooredoo's strategic focus on strengthening its foundations ensured significant network performance enhancements throughout the year across its footprint.

More operations become "Ooredoo"

The brand roll-out continued throughout 2014, as operations in the Middle East, North Africa and Southeast Asia transformed into Ooredoo.

A year of network enhancement

Throughout 2014, Ooredoo continued to enhance its networks to deliver faster speeds and better performance. This included the launch of new 4G and 3G services, as well as the roll-out of Fibre and fixed line.

February

"New Horizons: Young, Arab and Connected" study launches

Ooredoo Group launched its extensive online survey, "New Horizons: Young, Arab and Connected," in February 2014. The survey examined the perspectives of more than 10,500 young adults in 17 countries, delivering in-depth insights from a period of intense economic, social and political change. It provided a snapshot into the digital attitudes and aspirations of young people across the Middle East and North Africa, with a second edition covering Indonesia published later in 2015.

March

Ooredoo Chairman appointed to World Bank Group Advisory Council

H.E. Sheikh Abdulla Bin Mohammed Bin Saud Al Thani, Chairman of Ooredoo, was appointed to the World Bank Group Advisory Council on Gender and Development in March, a global body dedicated to promoting gender equality. His appointment – the first for a representative from the Middle East – reflects Ooredoo's on-going engagement in women's empowerment initiatives across its footprint.

April

Data revenue reaches 20 percent of total group revenue

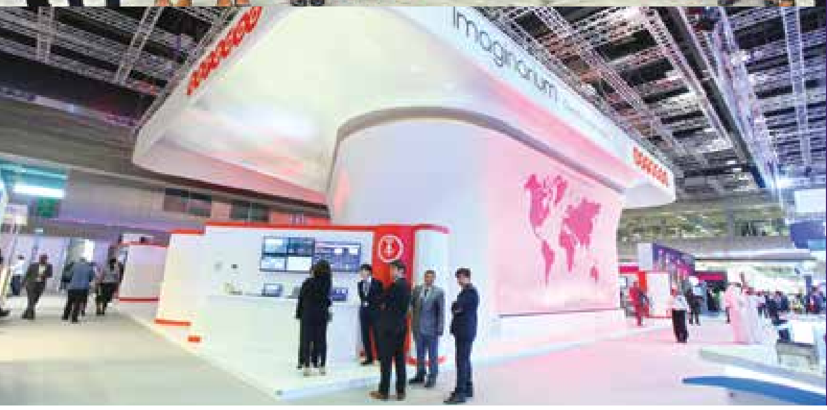
In results released in April, Ooredoo confirmed that revenue from data had reached 20 percent of total group revenue in 2014. The results underlined Ooredoo's successful pivot to data services across its operations.

Tunisiana becomes Ooredoo

Ooredoo's Tunisian operations fully adopted the Ooredoo brand in April, and joined colleagues in Qatar, Algeria, the Maldives, and Myanmar under the Ooredoo banner. Tunisiana was Tunisia's first privately-owned telecommunications company, launched in 2002.

Ooredoo announces new partnership with Rocket Internet

In April, Ooredoo announced its new partnership with the internet incubator Rocket Internet, to jointly develop eCommerce and other digital services in Asia. The two companies became equal partners in Asia Internet Holding, a joint venture that will develop online businesses in the region. The agreement is part of Ooredoo's strategy to invest in new businesses and develop new revenue streams.



Myanmar joins the Ooredoo family

After a year of planning and hard work, Ooredoo Myanmar launched in the second half of 2014, bringing 3G services to millions of people for the first time.

Ooredoo connects with the industry

Another highlight of the year was the ITU Telecom World event, organised by Ooredoo and held in Qatar for the first time. With Ooredoo demonstrating an incredible range of smart solutions, it provided the ideal end to a memorable year.

May

Ooredoo Global Services launches

To build on the success of its existing wholesale operations, Ooredoo established Ooredoo Global Services (OGS) in May, to serve as the Group's wholesale arm. OGS offers a single point of contact for wholesale carriers to access Ooredoo's operating companies, representing one of the largest Internet peering networks in region. Yousuf Al Kubaisi is appointed as CEO.

Ooredoo and Leo Messi boost programme for children's health to three new markets

Ooredoo and the Leo Messi Foundation announced that they would expand the initiative to Myanmar, Algeria, and Tunisia, with dedicated mobile clinics for each country in May, building on the success of the programme in Indonesia. The Ooredoo Mobile Health Clinics initiative provides healthcare services in rural areas that do not have easy access to medical facilities.

Ooredoo inaugurates new OASIS technology lab

OASIS – which stands for "Ooredoo Advanced Smart Innovative Solutions" – is a facility for the development, testing and demonstration of original IT and communication solutions that was launched in May. Among the first of its kind in the region, the facility is based at Ooredoo's headquarters in Doha, Qatar, and hosts some of the most advanced communication solutions and cutting-edge experimental technologies.

Ooredoo and Paris Saint-Germain inspire young people

As a proud sponsor of Paris Saint-Germain, Ooredoo maximised the value of the team's visit to Qatar, organising the first in a series of "Paris Saint-Germain Academy by Ooredoo" training camps. Through the year, subsequent camps were held in Tunisia, Oman, Kuwait and Algeria, with a second Qatar camp taking place at the end of the year.

Ooredoo signs innovative credit facilities

Ooredoo signed a US$1 billion revolving credit facility agreement with a syndicate of international banks in May. The tenor of the facility is five years, and the facility is being used for general corporate purposes. Ooredoo also signed three Commodity Murabaha facilities for a total of US$498 million during the month. The three facilities of US$166 million each were agreed with Qatar Islamic Bank, Masraf Al-Rayyan and Barwa Bank.

June

Ooredoo Kuwait launches

Kuwait became the latest market to adopt the Ooredoo brand in June. Customers have seen tangible improvements in their services resulting from the arrival of the Ooredoo brand.

Ooredoo Kuwait announces new CEO

Ooredoo Kuwait announced the appointment of Sheikh Mohammed bin Abdullah bin Mohammed Al Thani as Chief Executive Officer of the company in June, as the operation continued to execute its recovery strategy.

Ooredoo launches "Simply Do Wonders" World Cup campaign

With the FIFA World Cup 2014 taking place in Brazil, Ooredoo Group launched its first global communications campaign, "Simply Do Wonders" with brand ambassador Leo Messi in June. The campaign would receive more than eleven million views online, making it one of the most-watched branded videos from the region. Ooredoo operations also provided strong support during the World Cup, including Indosat's launch of a dedicated FIFA World Cup Twitter service.

July

Indosat's Ideabox sees first start-ups graduate

After four months of hard work, Indosat selected the first four start-ups from its Ideabox start-up incubation programme to go out to pitch to investors. More than 100 would-be digital entrepreneurs applied to take part in the first cycle of Ideabox, which is one of several initiatives that Indosat supports to boost Indonesia's knowledge-based economy.

August

Ooredoo reaches milestone of 1 million customers in Myanmar

Ooredoo reached the one million customer milestone in Myanmar in August, less than three weeks after going live with its services. Following the launch, the company saw unprecedented demand for its mobile phone and internet services.

September

Ooredoo launches "Voice of the Customer" platform

Ooredoo began the roll-out of a real-time customer service platform in September, enabling the company to instantly receive, analyse and respond to customer requests and queries across its global footprint. The initiative is part of a wider Group-wide focus to deliver the best possible customer experience.

Wataniya Mobile offers new "Learn English" mobile service

Wataniya Mobile Palestine launched "Learn English" services in September, in partnership with Souktel and the British Council. Leveraging Palestine's booming growth in mobile ownership, the interactive "Learn English" programme offers a range of options for young people to develop language skills.

October

Asiacell supports displaced and refugee population in Iraq

Asiacell launched a major humanitarian project to support internally-displaced people (IDPs) and refugees in Iraq in October. Aid included the distribution of 10,000 SIM cards equipped with a free SMS notification service to provide vital information and the establishment of a dedicated call centre.

November

Nawras transforms into Ooredoo

Nawras completed its rebranding journey to officially become Ooredoo in November, the seventh market to take on the global Ooredoo brand.

Indosat launches 4G LTE for Indonesia

Indosat launched Indonesia's fastest 4G LTE service in November, to coincide with its 47th anniversary celebrations. The launch marked the completion of the company's network modernisation network programme in 23 cities across the country, making Indosat's network ready for "Super 4G-LTE" and boosting quality of connection and mobile speeds.

December

Ooredoo launches first 4G+ network in Qatar

Ooredoo Qatar launched its new state-of-the-art 4G+ network in December, making Qatar one of a handful of nations in the world to have the fastest mobile Internet.

Ooredoo organises ITU Telecom World 2014

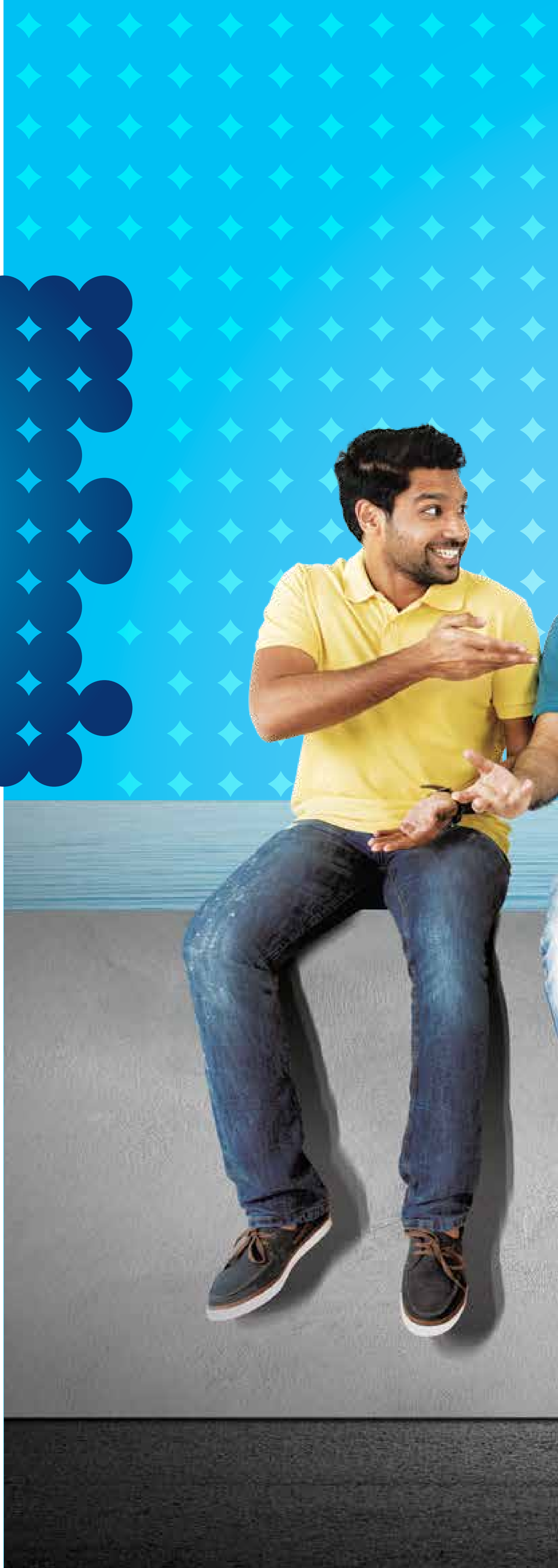
On behalf of the State of Qatar, Ooredoo organised the ITU Telecom World Conference in December. The event welcomed thousands of communications executives from around the world, and provided Ooredoo with an ideal platform to showcase "smart" services.

Ooredoo Algeria reaches 3.5 million 3G customers in one year

Ooredoo Algeria reached the milestone of 3.5 million 3G customers within the first year of the service launch. More than 3.5 million customers in 25 provinces now enjoy Ooredoo's faster and better 3G network.

Our Businesses

Ooredoo is a leading international telecommunications company, extending from the Middle East, North Africa, the Subcontinent to Southeast Asia. In every market, we strive to enrich the lives of our customers and deliver a full range of engaging, innovative communication services.



Ooredoo Qatar

"Ooredoo is proud to be Qatar's leading communications company. Over the coming year, we will enhance our bigger, faster network, launch new services that will enrich the lives of our customers and strive to be the best possible partner for businesses in the country. Ooredoo's performance in Qatar continues to exceed all targets, as we are driven by our in-depth understanding of our customers' needs and our belief that we can make Qatar one of the best-connected countries in the world."

Sheikh Saud Bin Nasser Al Thani
CEO, Ooredoo Qatar

Ooredoo is Qatar's leading communications company and the flagship operator of Ooredoo (Ooredoo Q.S.C.). Since 1949, the company has driven ICT innovation by providing its consumer and business customers with leading life-enhancing products and services. Ooredoo is committed to promoting human growth and supporting Qatar's rapidly-growing knowledge-based economy, in-line with the Qatar National Vision 2030.

Over the past year, Ooredoo saw strong results in Qatar. The company robustly defended its existing market share, and launched new services to capitalise on growth opportunities in the business, entertainment and mobile Internet sectors.

In 2014, the company posted revenue of QR 7,148 million (FY 2013: QR 6,590 million), a growth of 8 percent. EBITDA increased by 5 percent to QR 3,448 million compared to the previous twelve months. Net profit for FY 2014 increased by 40 percent to QR 1,919 million (FY 2013: QR 1,374 million) due to higher EBITDA and sale of investments.

In part, this growth was driven by the on-going popularity of its Hala and Shahry services, which continued to be the leading prepaid and postpaid services in Qatar. By enhancing the data offering of these services – offering "Smart" bundles and a range of mobile data top-up cards at the start of 2014 – Ooredoo was able to build upon its mobile broadband leadership.

Ownership
Ooredoo in Qatar is 100 percent owned and managed by Ooredoo (Ooredoo Q.S.C.).

Total customers (thousands)

2014	3,155
2013	2,865
2012	2,530
2011	2,376
2010	2,392

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	5,597	5,704	6,220	6,590	7,148
EBITDA QRm	2,878	2,948	3,249	3,273	3,448
EBITDA margin	51%	52%	52%	50%	48%
Blended ARPU QR	112.6	145.2	148.7	133.0	128.1
Employees	2,143	2,069	1,841	1,715	1,614

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

3%
Customers

22%
Revenue

27%
EBITDA

14%
Capex

Network enhancements strengthened Ooredoo's position in this area. On-going improvements to the 4G network throughout the year enabled the company to offer faster, better coverage across the country. Ooredoo launched Qatar's first advanced 4G+ network in December 2014, making Qatar one of a handful of nations in the world to have the fastest mobile Internet service currently available.

Fixed line investment also continued apace. Ooredoo Fibre had more than 200,000 connected customers by the end of 2014, as the company connected an average of 9,000 homes a month during the year.

With Qatar's economy continuing to grow and diversify, Ooredoo Qatar looked to broaden the range of services for businesses in 2014. The company opened the OASIS Lab (Ooredoo Advanced Smart Innovative Solutions) in May 2014, a facility for the development, testing and demonstration of original IT and communication solutions for businesses. More than 120 companies used the lab's facilities in its first six months of operation, enabling Ooredoo to move a number of solutions from proof-of-concept stage to commercialisation.

Another key facility is the Smart Living Baytcom Project, opened in December 2014, which is a dedicated villa in Qatar that showcases lifestyle technology on every floor. Working with partners, Ooredoo will use this asset to raise its profile in the smart home and smart city sector, as more developers look to build intelligent technology into the heart of their projects.

The year ended with a key moment in Ooredoo's history, as Qatar hosted ITU Telecom World, and Ooredoo was entrusted with organising the event. After more than a year of planning, Ooredoo delivered one of the best editions in the conference's history. Thousands of visitors representing leading government organisations and businesses attended, and Ooredoo used the event as an ideal platform to showcase a range of smart services, including smart infrastructure (5G and next generation fibre), smart entertainment, connected cars, next generation education, health and workplace solutions, "smart city" municipality services and smart stadiums.

Three million customers

Ooredoo reached the milestone of more than three million customers in Qatar in May 2014 – the highest number ever recorded by the company. Ooredoo Qatar enjoyed surging growth across all areas in 2014, driven by Ooredoo's expanding portfolio of services and the on-going dynamism of Qatar's economy.

Launching 4G+

Ooredoo launched its new state-of-the-art 4G+ network in December 2014, making Ooredoo's bigger and faster network even faster and making Qatar one of a handful of nations in the world to have the fastest mobile Internet service available.

People remain at the heart of Ooredoo's strategy. One of the key elements emphasised throughout 2014 was the role of every employee in ensuring Ooredoo's success. Investment in training and development rose year-on-year, Qatarisation levels remain high, and the company worked hard to be an employer of choice.

Ooredoo in the Year Ahead

Qatar continues to be one of the most dynamic and stable markets within the MENA region, and Ooredoo sees significant opportunities in the growth of business services in particular in 2015. The rate of development is likely to remain high over the year, and Ooredoo has the tools and services that will enable companies to realise the full potential of smart technology.

Ooredoo's strength in the market starts with its network, which enables the company to offer both cutting-edge business services, as well as fast, reliable data services for consumers.

The company will continue to roll-out the 4G+ network across the country, and aims to connect all of Qatar's homes and businesses to the Ooredoo Fibre network by the end of 2015.

In addition, the company will continue to boost its portfolio of cloud, machine-to-machine and smart solutions, supported by its nationwide network of Ooredoo Data Centres and by strong partnerships with leading solution providers. There are also opportunities to build Ooredoo Mobile Money's presence in the corporate sector, following the launch of payroll services in 2014.

Sports sponsorship and community activity will continue to distinguish the brand. Ooredoo's existing sponsorship relationships – including local hero Nasser Al Attiyah and global icons Leo Messi and Paris Saint Germain – will continue to be important assets for the company.

Enhancing the customer experience will be an on-going strategic priority for the company. Using a significant body of customer feedback, Ooredoo will make significant improvements to some core services in the first half of 2015, which should deliver better retention and reduce churn.

Indosat in Indonesia

"The future of Indonesian telecommunications is digital. With Indonesian consumers on the brink of making a major shift to digital in all areas, Indosat is committed to leveraging its capabilities and offering meaningful digital solutions to Indonesian consumers, which will help them simplify and enhance their lifestyles. At the same time, we will maintain our traditional cellular, fixed data and fixed line services, enhanced by digital where possible, to position Indosat as the telecommunications provider of choice for the Indonesian market. With our new LTE-ready network now in place, we look forward to the coming year, confident that Indosat is finally on a solid footing to compete."

Alexander Rusli
President Director and CEO, Indosat

During the past year, Indosat completed multiple strategic commitments and received a range of awards. The company launched an aggressive MBS (Market Bite Size) network rollout and leveraged the modernised network in Java and Bali. Indosat placed critical focus on data services, implementing dealer and outlet incentives to promote data products, and developed plans to increase active data users and data revenue with a large-scale Internet and network campaign.

Business initiatives included new license awards, key partnerships, and investments. Indosat partnered with Global OTT players, Twitter, Google, and Rocket Internet to deliver a variety of attractive services to customers.

The company partnered with Adira Insurance to develop a digital platform for mobile financial services. Investments were made in start-up companies via the IDEA Box programme, and a USD $50 million fund was established in cooperation with Softbank to develop Indonesian companies' capabilities in e-commerce, digital and social media, and mobile financial services. Network modernisation and expansion were also pursued in major cities in and outside of Java. Indosat also continued strategic sponsorships with Chelsea FC, FC Barcelona, Persib, and Arema.

Indosat maintained a strong focus on customers and launched multiple campaigns to highlight new programmes and packages. The Matrix Super Plan, launched in July, was the first postpaid programme in Indonesia to offer a free smartphone with a subscription to a Matrix Super package with 1 or 2 year contracts. The Mentari Smart Voucher, launched in November, was the first prepaid programme in Indonesia to offer a discount voucher for a smartphone with a subscription to a Mentari package with 1 or 2 year contracts.

Ownership
Ooredoo has a 65 percent stake in Indosat.

Total customers (thousands)

2014	63,298
2013	59,692
2012	58,639
2011	51,941
2010	44,822

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	7,942	8,550	8,804	8,371	7,395
EBITDA QRm	4,034	4,159	4,420	3,862	3,279
EBITDA margin	51%	49%	50%	46%	44%
Blended ARPU QR	13.4	10.2	9.9	8.8	8.0
Employees	6,694	4,461	3,827	3,956	4,100

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

59% Customers

22% Revenue

25% EBITDA

25% Capex

To support Indosat's focus on the demand for data services, the company launched a range of key technology initiatives, including Indosat Digital Business, a business unit that focuses on start-ups in Over the Top (OTT) space.

As part of Indosat's commitment to corporate social responsibility, the company implemented four major programmes, including Inspera (Inspirasi Perempuan Indonesia), a programme that supports women "micropreneur" and offers them information on communications technology (ICT) and access to funding. The company also developed Indonesia Belajar, a programme that supports school renovations for rural elementary schools, and Indosat Mobil Clinic, in cooperation with Ooredoo and the Leo Messi Foundation, which establishes mobile health clinics offering free medical treatment and food in underserved areas.

Key challenges

During the past year, Indosat faced challenges caused by the Indonesian telecommunications market, as new customer preferences shifted market trends.

The market, which is characterised by declining demand and revenue in higher margin conventional services, such as voice and SMS, and increasing demand in lower margin data services, prompted the company to improve its cost management, develop value-added services, and strengthen partnerships and collaborations with global service providers, such as AT&T. In an effort to reduce costs, Indosat continued its Cost Optimisation Programme.

The year ahead

Looking to 2015, Indosat seeks to take advantage of the low data service penetration in Indonesia and growing demand for data services, particularly through smartphone devices and related applications and Over the Top (OTT) content. The company also seeks to capitalise on opportunities of cellular market growth outside of Java, the emerging market for digital services, including Mobile Financial Services (MFS), e-commerce, e-advertising, and high growth demand for IT services and IP-based connectivity services.

Ooredoo Kuwait

"2014 was a year that was full of strategic initiatives that position Ooredoo Kuwait at the forefront of the industry, both locally and internationally. These initiatives included rebranding to Ooredoo Kuwait, pursuing an ambitious retail expansion, maintaining a rich CSR profile, ensuring continuous technology investments in our network, expanding our LTE data coverage, and investing remarkably in our employees. These accomplishments will reflect our brand vision and enable Ooredoo Kuwait to be the leading telecommunications service provider in Kuwait."

Mohammed bin Abdullah Al Thani
CEO, Ooredoo Kuwait

Ooredoo Kuwait pursued key strategic initiatives in 2014. The introduction of the Ooredoo brand in Kuwait has positioned the company at the forefront of the market. Ooredoo Kuwait implemented a range of initiatives to appeal to the diverse needs of customers, including enhanced postpaid, prepaid and wireless broadband portfolios, and the launch of the iPhone 6 and iPhone 6 Plus.

Ooredoo Kuwait maintained a strong focus on customers through customer experience and engagement initiatives, organisational reforms, and retail expansions to reach a broader range of customers.

The company is offering customised treatment and differentiated service for high-value customers and, through its Interactive Voice Response (IVR) and Ooredoo Customer Experience (VOCE), demonstrated a proactive customer engagement strategy. The company's structure was also redesigned, with functional roles streamlined to produce a more service-oriented, customer-centric organisation.

Ooredoo Kuwait pursued the most ambitious retail expansion plan in its history, increasing its retail presence from 41 stores in January 2014 to 75 by December 2014. The expansion reflects the company's commitment to delivering products and services at locations that are most convenient for customers.

Ooredoo Kuwait demonstrated a strong commitment to corporate social responsibility in 2014. The company sponsored the OXAdventure Youth Project, a youth leadership programme that offers young Kuwaitis the opportunity to work in aid-related programmes. Ooredoo donated a Braillo 300 printing machine to the Kuwait Blind Association, supported Bayt Abdullah, a children's hospice, and continued to work with the Kuwait Red Crescent.

Ownership
Ooredoo holds a 92.1 percent stake in Ooredoo Kuwait (NMTC), which is listed in the Kuwait Stock Exchange. NMTC is the legal entity that owns shares in Ooredoo Maldives, Ooredoo Tunisia, Ooredoo Algeria and Wataniya Palestine.

Total customers (thousands)

2014	2,515
2013	1,970
2012	2,032
2011	1,958
2010	1,779

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	2,827	3,223	2,880	2,500	2,149
EBITDA QRm	1,262	1,469	1,101	667	473
EBITDA margin	45%	46%	38%	27%	22%
Blended ARPU QR	131.6	118.8	96.2	87.3	65.6
Employees	1,008	1,000	1,078	950	856

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

2% Customers

6% Revenue

4% EBITDA

5% Capex

Ooredoo Kuwait continued to expand its LTE network across Kuwait, covering more than 90 percent of Kuwait's population. The launch of the first e-commerce site in Kuwait enabled customers to shop for devices and services with ease, while the introduction of data sharing, minute rollover, and HD voice enhanced the customer experience.

Ooredoo Kuwait moved a majority of its services to a private cloud, which has led to significant improvements in time to market and capital efficiency. The company also modernised its ERP system and has implemented the latest Oracle R12 modules.

Ahead of the roll-out of the Ooredoo brand, the company launched a successful promotional campaign, entitled Project O, also known as I WANT. Booths were set-up in some of Kuwait's largest malls, and customers were asked to express their aspirations, which Ooredoo then fulfilled, including house makeovers and tickets to football matches.

Ooredoo Kuwait also collaborated with the UN Habitat to establish the eco-friendly Yarmouk Park, and partnered with international brands Huawei and Ericsson to enhance its network coverage and capacity.

The company implemented a new HR policy and introduced a performance-based scholarship for Ooredoo employees, which sponsors Bachelor and Master Degrees for high-achievers. Senior employees participated in the Ooredoo Group Business Leadership Programme. Ooredoo was recognised for its employee education programmes by the Kuwait Fund for the Advancement of Science and the Manpower Restructuring Programme.

Although Ooredoo Kuwait enjoyed a rewarding year, the company faced obstacles relating to a fully-saturated market and slow growth from new customers. The decline in voice usage and the increasing importance of data was partially offset by innovative bundle packs for customers. A second area of concern was the regulatory framework and environment in Kuwait, which is still in the formalisation stage after the establishment of the Telecommunications Regulatory Authority (TRA) law and the selection of TRA board members.

Despite these challenges, Ooredoo Kuwait continues to support its customers' digital lifestyles. Motivated by our mission to be more than just a telecommunications service provider, we plan to offer our users mobile entertainment, TV and media content, and a reputable and innovative payment gateway. Our strategic aims for 2015 seek to inspire and engage our high-value customers and to expand our reach and brand across the country.

Ooredoo Oman

"We're delighted by our revenue growth this year, which has been driven by an increase in both mobile and fixed data, as well as international voice revenue. Our rebranding to Ooredoo in Q4 2014 was a huge success and there has been a very positive response from the market. With our rebrand came some inspiring new offers in both the fixed and mobile arena, which are generating ongoing significant interest and uptake. Our results also validate the investment in our network, providing the speed and coverage our customers need and want. Our investment will continue into 2015 to improve the performance and experience of customers across the Sultanate."

Greg Young
CEO, Ooredoo Oman

During 2014, Ooredoo Oman enjoyed continued success with its Fixed WiMAX services and introduced home LTE services for new customers, as a migration path for the existing WiMAX base.

As part of the company's strategy of service innovation, quality and reach, Ooredoo Oman completed major milestones in its network modernisation programme, including increased radio capacity and core network enhancements. The company also closed several significant sales with the government, which has been historically dominated by competitor services. Ooredoo continues to command an important share of Oman's communications market.

Multiple infrastructural projects and key investments were pursued to support Ooredoo Oman's network modernisation program.

Key investments included increased fibre infrastructure to connect Muscat to Salalah, upgraded microwave links to Internet Protocol (IP) to support the latest IP-based traffic/services, fibre GPON technology developments to support connectivity for residential and business customers, and two additional VSAT hub sites established in Muscat and Salalah.

The company completed a range of technology launches to ensure that its service remains resilient, reliable, and innovative across all regions. Highlights include Ooredoo Oman's 4G capacity quintupling across the city of Salalah, to provide exceptional customer experience to the "Welcome Khareef" (Autumn) festival visitors.

Ooredoo Oman maintained its focus on customer service excellence and pursued initiatives specifically designed to target customer preferences. Ooredoo Oman, as part of Ooredoo Group, became the first Middle East operator to use ResponseTek "Voice of the Customer" for real-time customer experience insight. Ooredoo also offered prepaid customers more international call time with each recharge.

Ownership
Ooredoo holds a 55 percent effective economic stake in Ooredoo Oman.

Total customers (thousands)

2014	2,602
2013	2,397
2012	2,193
2011	1,960
2010	2,033

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	1,864	1,939	1,907	1,990	2,231
EBITDA QRm	968	979	902	933	1,115
EBITDA margin	52%	51%	47%	47%	50%
Blended ARPU QR	73.8	80.4	70.8	63.8	66.8
Employees	898	1,019	1,027	1,051	1,049

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

2% Customers

7% Revenue

9% EBITDA

10% Capex

Ooredoo Oman continued to play a critical role in Omani society with multiple corporate social responsibility programmes. Ooredoo Oman's "Goodwill Journey" has offered staff the opportunity to help local communities and reflects the company's commitment and passion towards sustainable social investment. Since its origins, Ooredoo Oman has maintained its responsibility to the community and has worked closely with various public and private organisations to positively impact society, whether through products and services, women's initiatives or social and educational programmes. During the Holy Month of Ramadan, teams of fasting volunteers spread joy to families across the Sultanate, facilitated donations and ensured that enabling equipment and items are delivered to associations and communities.

Focus was also placed on brand-building initiatives and sponsorships to build upon Ooredoo Oman's strong connection with its customers. It became the official sponsor of Muscat Football Academy, and Ali Al Habsi and Ahmed Alharthy became the official brand ambassadors of Ooredoo Oman. As part of the company's Open Minds Forum, Ooredoo Oman launched a social media campaign and implemented the hashtag, #OurOman.

Despite its successes in 2014, Ooredoo Oman faced challenges regarding Over-the-Top (OTT) content and illegal IP voice pressure on international calls. In response, the company introduced smart promotions which drove customer adoption of their services. A decline in SMS revenues pushed Ooredoo Oman to fight this impact through smart data offers and partnerships with OTT players.

The year ahead

The Oman Broadband Company, which has built a massive fibre network in Muscat, is expected to commercialise its operations in 2015. This presents Ooredoo Oman with a key opportunity to launch and grow FTTH services.

Ooredoo Oman will further develop its strategy of diversifying its future revenues to offset the decline in traditional voice services through its new business initiative, as part of a joint strategic programme within the digital domain. Key initiatives include new services in the OTT domain, and data centre and cloud services.

Asiacell in Iraq

"The critical situation Iraq is passing through is extraordinary from every angle. However, even the lack of security in some regions, crashing oil prices, limited M1 supply, and a forced network shutdown in parts of Iraq, did not prevent us from delivering on our promise to add value to our shareholders. It did not prevent us from maintaining our revenue-share market leadership position. We even crowned that achievement by reaching 12.3 million satisfied subscribers."

Amer Al Sunna
CEO, Asiacell

During 2014, Asiacell defined strategic initiatives to consolidate its position as a trusted Iraqi company and take the lead on market share. The Company maintained its lead on data offerings, worked considerably towards completing its network modernisation and 3G rollout in major cities, and signed a 3G spectrum lease with the Communications and Media Commission (CMC), which was launched on January 2015.

Asiacell continued to play a critical role in Iraqi society with multiple corporate social responsibility programmes.

The company implemented a host of initiatives that support Syrian refugees, Kobani refugees, and Internally Displaced Persons (IDPs) in Shangal, Iraq. Asiacell has received recognition for these efforts and was shortlisted for a 2014 CommsMEA Award in the Corporate Social Responsibility category.

Asiacell pursued a range of technology launches and initiatives to ensure that its service remains reliable across all regions.

Asiacell successfully implemented Ericsson's Charging and Billing in One system which gave it enough muscle to take on the intense competition witnessed in 2014.

Ownership
Ooredoo has a 64.1 percent effective economic stake in Asiacell.

Total customers (thousands)

2014	12,302
2013	10,734
2012	10,030
2011	8,979
2010	8,130

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	5,054	5,934	6,878	7,071	6,298
EBITDA QRm	2,621	3,233	3,689	3,629	2,939
EBITDA margin	52%	54%	54%	51%	47%
Blended ARPU QR	56.0	60.1	61.6	54.8	40.0
Employees	2,170	2,821	2,906	2,811	2,771

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

11% Customers

19% Revenue

23% EBITDA

14% Capex

Asiacell maintains and protects its leadership position as a data revenue leader in Iraq. Achieving this goal was a result of early planning to capture this significant revenue stream that comes from Iraq's youth-dominated population. Asiacell also initiated network modernisation and an Internet Protocol (IP) backbone expansion in preparation for its 3G rollout.

Focus was also placed on product and service offerings to ensure that customer expectations are anticipated and surpassed. The company implemented a wide range of promotions, discounts, new bundle offerings, and new lines.

Asiacell participated in a range of brand-building initiatives and key sponsorships to build upon the company's strong connection with its customers. Sponsorships included the Al-Sulymainyah Sport Club, the Women's Development Conference to Show Kurdish Culture in London, Environment Day in Kurdistan, and the Festival of Olympic Projects and Scientific Activities.

The year ahead

Asiacell has defined key strategic initiatives that will align the company with its vision, strengthen existing customer and partnership foundations, and further business development. Asiacell will enhance B2B customer experience and pursue a fibre leasing strategy to optimise costs.

Ooredoo Algeria

"The tenth anniversary of our company, 2014 has delivered an outstanding year for Ooredoo in Algeria. After just one year of 3G operations, Ooredoo Algeria has reached four million 3G users – reaching more than 60 percent of market share – and confirmed that Algerians are very keen on broadband data services. It's comforting to see the accomplishment of our mission of enriching people's lives. This year, we've led the way in 3G service and been internationally recognised for our achievements."

Joseph Ged
CEO, Ooredoo Algeria

During the past year, Ooredoo Algeria witnessed strong revenue growth and new revenue streams from enhanced data services. The company successfully deployed 3G services in 15 high-growth markets, building its position as a market leader, especially in data network quality and speed. Based on these operational achievements, a targeted commercial strategy, and the launch of innovative services, Ooredoo Algeria has become the most recommended brand among mobile customers. These successes are recognised by multiple awards, including North African Mobile Operator of the Year 2014 from the Africa Telecom People Awards, and the Bronze Stevie Award from the International Business Awards.

Underpinning its customer-oriented strategy, Ooredoo Algeria initiated multiple programmes. Ooredoo implemented multiple market surveys to gather customer satisfaction research and understand key brand equity drivers.

Major initiatives have focused on gathering customer experience insight at Ooredoo retail stores and subsequent feedback has resulted in a significant improvement in key customer experience indicators.

Ooredoo Algeria participated in various corporate social responsibility initiatives. For the ninth consecutive year, Ooredoo celebrated International Women's Day and promoted Algerian women's participation in athletics. The company also showed its support for increased literacy throughout Algeria, and celebrated the Arab Day of Literacy with the Algerian Association of Literacy "IQRAA."

Social responsibility partnerships were continued with the Algerian Red Crescent and the Leo Messi Foundation and culminated in the launch of a Mobile Medical Clinic.

A significant public-private partnership with Agence Nationale de Development de la Petite et Moyenne Entreprise (ANDPME) has added significant value to the Algerian economy and has worked towards addressing the underdevelopment of the SME sector in regards to TIC technologies, the structural difficulties of becoming an entrepreneur, and youth unemployment.

Ownership
Ooredoo owns a 92.1 percent stake in Ooredoo Kuwait (NMTC). Ooredoo, through its own entities and indirectly through NMTC, holds an 80 percent stake in the operations of Ooredoo Algeria. This gives Ooredoo a 74.4 percent effective economic stake in Ooredoo in Algeria.

Total customers (thousands)

2014	12,225
2013	9,492
2012	9,059
2011	8,505
2010	8,246

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	2,228	2,961	3,479	3,884	4,623
EBITDA QRm	841	1,101	1,374	1,583	1,481
EBITDA margin	38%	37%	39%	41%	32%
Blended ARPU QR	24.7	30.6	33.6	33.9	29.4
Employees	1,929	2,360	2,485	2,846	2,895

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

11% Customers

14% Revenue

11% EBITDA

14% Capex

The partnership has helped combat these issues through tSTART, a programme that incubates or accelerates the most innovative technological start-ups; iSTART, a programme that facilitates the development of the most innovative mobile applications and mobile content; and PISTE, a programme that works towards boosting TIC adoption in Algerian SMEs.

Ooredoo Algeria reinforced its technological leadership position and considerably enlarged its 3G coverage, while increasing the density and capacity of the 2G network as needed. More than 1,500km of fibre was deployed, connecting major network elements across the country. Packet core distributed architecture was established to offer an improved network with greater efficiency and resiliency. An Internet caching solution was launched to facilitate greater Internet service to customers, and OCloud Solution, an Ooredoo cloud service platform, was launched to enrich the company's business services portfolio.

As part of its commitment to employees, Ooredoo Algeria has invested significantly in its people. Ooredoo invested in both its top-level management and mid-level management teams by implementing a training programme, in which eligible executives and managers are sent to formal business training at prestigious business schools in both France and Algeria.

The programme has continued over the past two years, with several new waves of executives participating. Two top management executives from Ooredoo Algeria were selected to participate in the second edition of the Leadership Development Programme (LDP), which is financed by the Ooredoo Group.

The year ahead

During 2015, Ooredoo Algeria will work towards maintaining its leadership position in the 3G market by maximising profitable opportunities. Confirmed by customer perception studies, the company's 3G network continues to outperform that of competitors. Taking advantage of innovative value added services strongly linked to the 3G ecosystem, Ooredoo Algeria will continue to pursue and launch services that reflect a strong understanding of differentiated customer segments and corresponding preferences. The company will also look to secure and strengthen technology and business leadership in the data realm prior to the launch of LTE technology.

Ooredoo Tunisia

"Ooredoo maintained a strong leadership position and was a catalyst for change in Tunisia in 2014, as the country continued to adapt to a post-revolution environment. The year saw the successful rebranding of the business from Tunisiana to Ooredoo – a brand that brought with it a renewed promise to 'democratise data' and drive increased access to the internet for all Tunisians. The shift from mobile to being a fully converged fixed and wireless player began to take hold, with enterprise customers welcoming our competitive converged offering. In all segments and services, the focus continues to be on building on our lead in customer experience, ensuring that we win the trust of our customers every day."

Kenneth Campbell
CEO, Ooredoo Tunisia

Ooredoo Tunisia continued to succeed with multiple investments and initiatives to support its strategy of delivering exceptional customer experience and technologically-advanced services.

In 2014, Ooredoo Tunisia executed its growth strategy, investing in infrastructural improvements and new business lines such as mobile money and security services. This strategy has facilitated increased revenue from data, B2B and fixed services. The company's focus on data services saw an increase in the use of data by more than 25 percent, and a smartphone penetration rate of 21 percent. Ooredoo Tunisia also won a Global Business Telecommunications award for launching its virtual mobile payment service.

Underpinning Ooredoo's focus on customer service, the company offered new products and customer value management initiatives throughout the year.

The branded smartphone Odysee, which was successfully launched in October, generated substantial data revenue and led to the mass adoption of data services. Ooredoo Tunisia also launched a customer satisfaction campaign for key accounts and regularly implements customer satisfaction surveys to understand major indicators.

Significant technological launches were pursued to meet the changing demands of data-hungry customers. In September 2014, a new undersea cable was developed between Tunisia and Italy, providing additional capacity and a new facility for international leased line services. The company invested in radio improvements to enable 3G coverage to reach 88 percent of the population, and deployed six new Wi-Fi hot spots, with plans to deploy four additional spots in early 2015. An upgrade to core capacity has supported the growth of Internet demand, and Centrex platform integration has helped deliver hosted voice services to B2B customers. The company has also launched an Application Programme Interface (API) gateway to create exciting and margin-improving services for corporate customers.

Ownership
Ooredoo owns a 92.1 percent stake in Ooredoo Kuwait (NMTC). Ooredoo, through its own entities and indirectly through NMTC, holds a 90 percent stake in the operations of Ooredoo Tunisia. This gives Ooredoo an 84.1 percent effective economic stake in Ooredoo Tunisia.

Total customers (thousands)

2014	7,552
2013	7,440
2012	7,210
2011	6,620
2010	5,930

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	1,287	2,779	2,633	2,504	2,288
EBITDA QRm	713	1,573	1,350	1,310	1,072
EBITDA margin	55%	57%	51%	52%	47%
Blended ARPU QR	34.4	35.1	27.7	26.3	20.7
Employees	1,510	1,583	1,610	1,690	1,665

Blended ARPU is for the three months ended 31 December.
Year 2010 represents 50% of the financial performance.

Operator importance to Group

7% Customers

7% Revenue

8% EBITDA

5% Capex

Ooredoo Tunisia continued to make an impact on the local community with a variety of initiatives and partnerships aimed at supporting education, children, health and wellness, and entrepreneurs. The company supports Ennour, an after-school centre that supervises high risk and vulnerable children, and Darna, an association that offers abandoned children a safe home. In collaboration with the Qatar Friendship Fund and Microsoft, Ooredoo manages IntilaQ, a start-up technology incubator for small business, and supports the fund by identifying businesses for support and investments. Since its establishment, the fund has supported around 20 start-ups.

Key relationships with influential partners continue to underpin Ooredoo Tunisia's commitment to corporate social responsibility. The company sponsored multiple sport associations in 2014, including the Tunisian Handball Federation and Club Africain, the most widely supported football team in Tunisia.

After witnessing the first free and fair presidential election in Tunisia since its independence, 2014 has been a challenging year to navigate. In addition to a sustained period of political instability since the revolution, difficult macroeconomics and slower economic growth have impacted the development of the business.

Regulatory risks remain an important consideration in the country and the company has looked for strategic ways to diffuse the impact of this on its commercial programme. Increased adoption of Over the Top (OTT) services, which affect roaming and international terminating revenues, as well as operator competition have also emerged as challenges and Ooredoo Tunisia will continue to launch innovative solutions, services, and leverage relationships with key players to combat these pressures.

The year ahead

From its market leadership position, Ooredoo Tunisia will continue to expand its service offerings and meet the demands of a dynamic customer base. Some of these offerings will converge opportunities for enterprise customers and bundle services for consumers. Cloud-based services, mobile payments through Mobiflouss, end to end solutions, and security services for homes and businesses will be key areas of development in 2015.

Ooredoo Myanmar

"In 2014, we launched Ooredoo Myanmar, bringing advanced 3G internet and crystal clear voice to one of the world's fastest-growing markets. Just six months after our licence was awarded, we launched our state-of-the-art mobile network in 70 cities and towns, covering over 15 percent of the population, and our services attracted more than 1,000,000 customers in three weeks. We couldn't have done this without the dedication of everyone in Ooredoo Myanmar. Looking ahead, we'll continue to increase radio transmission capacity and offer more smartphone-focused services, interactive connectivity and end-to-end services for multiple market segments."

Ross Cormack
CEO, Ooredoo Myanmar

Since its selection as one of two applicants to be awarded a telecommunication licence in Myanmar, Ooredoo Myanmar has enjoyed multiple commercial launches as it works towards delivering accessible, affordable and innovative services for everyone. The company launched a 3G network providing quality and fast Internet to more than 20 percent of the population, and within its first three weeks as an operator, Ooredoo Myanmar attracted more than one million customers. By the end of the year, the rapid network rollout reached around 50 percent of the population and more than two million customers.

As part of its commitment to offering customers life-enhancing services, Ooredoo Myanmar launched several new commercial services.

The company offered SIM cards at MMK 1,500, per second billing, accessible 3G coverage, and B2B services as part of its growing portfolio. Free services and customer activation services were offered for 13 days during the latter part of the year, creating market excitement and profitability, as around 800,000 new customers subscribed to an Ooredoo Myanmar service.

The company also launched a 24/7 contact centre that manages customer enquiries via calls, e-mails, faxes and Facebook posts. The centre has helped deflect calls and has significantly improved efforts to educate customers about self-service options. The centre resolved around 90 percent of all customer enquiries on the first call, and about 80 percent of all trouble tickets were resolved within 24 hours. The call centre has also pursued several customer value management initiatives, including welcome calls to customers within 2 days of activation.

Ownership
Ooredoo holds a 100 percent stake in Ooredoo Myanmar.

Total customers in 2014
(thousands)

2,236

Financial performance

	2013	2014
Revenue QRm	–	189
EBITDA QRm	(145)	(357)
Blended ARPU QR	–	27.2
Employees	156	949

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

2% Customers

0.6% Revenue

-3% EBITDA

13% Capex

This campaign educates customers on how to benefit from Ooredoo's services and measures customer experience at registration and activation. These campaigns have successfully worked towards increasing customer engagement, measuring customer satisfaction and generating incremental revenues.

Ooredoo Myanmar has participated in various activities as part of its commitment to the community and people of Myanmar. The company donated 200 disaster relief packages to the Myanmar Red Cross Society (MRCS), provided partial funding for a clinic tour programme organised by the Rakhine National Social and Welfare Organisation, which reached an estimated 10,000 people, and constructed two tube-wells at Phaung Daw Oo Monastic Education High School, benefiting over 6,000 students and underprivileged children. The company has also sponsored a team of Oxford University students for teaching English language to Yangon University students and faculty members.

Most notably, Myanmar was able to merge its innovative focus on lifestyle solutions with its commitment to community engagement with its Myanmar Maternity Application "MayMay". The application bridges the mobile and health sectors to help ensure that useful and timely maternal, child health and wellness information is easily accessible to women across Myanmar during and after pregnancy. The application was awarded Bronze recognition at the 2014 Stevie Awards for Women in Business.

Looking ahead to 2015

Looking towards 2015, Ooredoo Myanmar will continue its rapid network rollout and work to capture a substantial portion of the largely untapped market of Myanmar. The company's 3G network will continue to benefit a majority of the population in Myanmar, providing people high quality voice and data services for the first time. Ooredoo Myanmar will continue its innovative programmes and add services that enhance the life of Myanmar citizens, particularly in areas of education, health, agriculture, and to help women benefit from mobile services.

Wataniya Palestine

"We exit the year 2014 with 43 percent year-on-year improvement in our full year EBITDA that grew to a record level of US$ 12.9 million. The year also saw some operational progress that is paying off in our enhanced profitability, customer and partner engagement, as well as the experience level of our staff team. In our pursuit of profitability, we remain positive about our ability to reach out to our customers, despite the political and economic challenges in the region."

Dr. Durgham Maraee
CEO, Wataniya Palestine

During the past year, the Wataniya Palestine team pursued multiple initiatives and strategic partnerships to maintain a strong bond with their customers and reach new customers. The launch of new technologies and services, such as a new billing system that offers tailored services, and strategic partnerships, most notably, the launch of the "One Network" service with the Jordanian mobile company Umniah, were undertaken to raise customer satisfaction and loyalty.

Additional customer-focused initiatives were launched during the year including wall-mounted dashboards being set up in call centres, which relay customer responses live, as a means of encouraging contact centre agents and monitoring performance.

The launch of an outgoing "SMS feedback" tool, and an internally developed Interactive Voice Response (IVR) to gather feedback on customer satisfaction and synchronise customer-focused initiatives.

Underpinning the delivery of its range of enhanced customer services were Wataniya Palestine's key technology initiatives undertaken by the business during the year. The company successfully completed a fibre project that connects Ramallah with its new hosting location in Jerusalem, enjoyed significant progress in the backbone reshaping and Internet Service Provider (ISP) hosting in the UK, and achieved major network Key Performance Indicators (KPIs). In order to improve battery backup time on West Bank sites, the company purchased 1000 batteries.

Ownership
Ooredoo has a 92.1 percent stake in Ooredoo Kuwait (NMTC) which holds a 48.45 percent stake in the operations of Wataniya Palestine. This gives Ooredoo a 44.6 percent effective economic stake in Wataniya Palestine.

Total customers (thousands)

2014	621
2013	638
2012	610
2011	465
2010	354

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	140	273	306	325	311
EBITDA QRm	(79)	14	23	33	47
EBITDA margin	–	5%	7%	10%	15%
Blended ARPU QR	43.0	43.9	35.4	34.7	32.3
Employees	355	410	418	433	424

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

1%
Customers

1%
Revenue

0.4%
EBITDA

0.8%
Capex

Wataniya Palestine maintained a strong focus on brand development and corporate social responsibility. Palestinian singer Mohammed Assaf officially became Wataniya Palestine's brand ambassador. The company signed strategic agreements with major universities in Palestine to sponsor student activities and supported Gaza orphans through the Mostakbali project, by offering them security to safeguard their educational, economic, social and legal rights. The company also cooperated with the Palestine Children's Relief Fund (PCRF) by funding travel costs for injured children in need of medical treatment abroad and established and funded a trip for Palestinian children to meet Ooredoo's brand ambassador Leo Messi in Doha.

Key challenges

Despite the great strides that Wataniya Palestine has made during the past year, the company faced significant challenges, especially with regards to the Gaza market. The Gaza telecom market has been dominated by one operator for more than 16 years and the company's regulatory department has continued to work with the Ministry of Telecommunications and Information Technology to rectify the telecom regulatory environment.

The conflict in Gaza, during the summer of 2014, greatly impeded the deployment of the company's network. Wataniya Palestine has refocused its efforts on commercial and technical operational plans to accommodate post-conflict outcomes in Gaza and proceed with the project.

The year ahead

During 2015, Wataniya Palestine will continue to reach a broader range of customers. The company aims to secure a strong position in the Palestinian telecom market, which is characterised by a low penetration rate and a low median age. The launch of commercial services in the Gaza market and 3G capabilities will further increase the company's mobile market share and revenue stream. The company also intends to take advantage of cost-saving mechanisms, which include routing Israeli mobile traffic through international carriers and reducing operational expenditures through the backbone reshaping project.

Ooredoo Maldives

“2014 was a year of total transformation for Ooredoo Maldives. I’m honoured to be part of the team that has brought significant progress throughout the year. Today, we’re the most innovative and loved telecoms operator in the Maldives, and we will strive to always provide our customers with a world class service experience. We have made significant expansion in our network, invested in customer service and created a highly engaged team who is ready to take on challenges, and most importantly, emerge as the winner.”

Vikram Sinha
CEO, Ooredoo Maldives

After a successful transition to the Ooredoo brand in 2013, Ooredoo Maldives made significant strides in 2014. The company continued to invest in and greatly improve its service offering. Ooredoo Maldives launched LTE services and was the first operator to offer LTE services outside Malé. The company considerably enhanced the reach of its 3G network, with coverage extending to an additional 64 islands and reaching 96 percent of the population. Oordeoo continued to make a positive impact on the local community and was particularly effective during the Malé water shortage in late 2014. For its efforts, the company received recognition from the President of the Maldives, Abdulla Yameen.

Ooredoo Maldives pursued key strategic initiatives during the course of the year. Partnerships and the launch of new platforms contributed to the growth of data services, which were well received by customers.

The launch of the Customer Lifecycle Management (CLM) platform enabled the company to offer products to meet the needs of its dynamic and diverse customer base. An innovative smartphone campaign and strategic partnerships with Samsung and Apple have propelled Ooredoo to a leadership position in data and device services. A 20 percent increase in distribution channels facilitated broader access and enhanced the availability of products and services in less populated areas.

In addition to these developments, Ooredoo Maldives invested in major technological infrastructure upgrades to support its widening service offering. Implementation of gigabit passive optical networking, radio access network modernisation, Google caching, as well as a new Wi-Fi installation at Malé airport have all contributed to increased speed of service and enhanced quality.

Ownership
Ooredoo has a 92.1 percent stake in Ooredoo Kuwait (NMTC), which holds 100 percent of the operations of Ooredoo Maldives. This gives Ooredoo a 92.1 percent effective economic stake in Ooredoo Maldives.

Total customers (thousands)

2014	299
2013	249
2012	176
2011	144
2010	111

Financial performance

	2010	2011	2012	2013	2014
Revenue QRm	117	124	146	166	206
EBITDA QRm	15	22	34	38	68
EBITDA margin	13%	17%	23%	23%	33%
Blended ARPU QR	55.4	42.9	45.5	41.5	46.0
Employees	309	332	332	316	313

Blended ARPU is for the three months ended 31 December.

Operator importance to Group

0.3%
Customers

0.6%
Revenue

0.5%
EBITDA

0.5%
Capex

Underlining its commitment to local communities, nearly half of Ooredoo Maldives' employees collaborated with the Maldives National Defence Force and Maldivian Red Crescent to distribute water across the city and assist community members affected by the water shortage. Ooredoo also donated US$75,000 to the President's Relief Fund to help repair the sole water treatment plant in Malé.

In addition, Ooredoo Maldives secured a strategic partnership with Haveeru Sports Award 2014, the best-known awards programme that recognises athletes in the Maldives and promotes inclusion through sports for children. The company also pursued a partnership with the Carrom World Cup 2014, held in the Maldives, as well as a road safety initiative with the Ministry of Transport and Communications.

Looking ahead to 2015

As it looks to increase revenue streams in 2015, Ooredoo Maldives intends to focus on three major levers. First, the youth segment is one of the most profitable segments, as young people constitute 60 percent of the Maldives' population. We plan to launch a range of youth-focused services, including live TV streaming, online music, online gaming services, free socialising, URL bundling, and weekend offers. Secondly, with the CLM platform already developed, we will continue to pursue a segment-based approach that targets high value and premium base customers with innovative offerings and products, as well as loyalty management initiatives. Thirdly, we will work to increase our postpaid market share with affordable products, device bundling and value-added services.

wi-tribe and Asia Mobile Holdings

wi-tribe group was established in 2007, backed by Ooredoo's unrivalled experience and capabilities. wi-tribe Pakistan, which began services in 2009, is now operating in five regions: Islamabad, Rawalpindi, Lahore, Karachi and Faisalabad. In 2010, wi-tribe also launched in the Philippines.

wi-tribe Pakistan

Ooredoo has an 86.1 percent stake in wi-tribe Limited, which owns 100 percent of wi-tribe Pakistan.

wi-tribe Philippines

Ooredoo has a 100 percent stake in wi-tribe Asia Limited, which owns 40.0 percent of Liberty Telecom, Philippines.

Asia Mobile Holdings Pte. Ltd. (AMH) is a mobile communications investment company formed in 2007 to explore and invest in new mobile opportunities in the Asia Pacific region. Ooredoo owns a 25 percent stake in AMH. The remaining 75 percent stake is owned by Singapore Technologies Telemedia (STT). AMH, incorporated in Singapore, is the preferred investment vehicle for both Ooredoo and STT for investing in mobile operations in the Asia Pacific region.

The Asia Mobile Holdings (AMH) Portfolio

AMH closed 2014 with investments in the following companies.

StarHub Ltd.

AMH has a 56.0 percent stake in StarHub Ltd. (StarHub), which equates to an Ooredoo effective stake of 14.0 percent. Launched in 2000, StarHub is a fully integrated communication company offering a full range of information, communications and entertainment services for both consumer and corporate markets.

Shenington Investments Pte. Ltd.

AMH has a 49 percent stake in Shenington Investments Pte. Ltd. (Shenington). Shenington has a 49 percent shareholding in Lao Telecommunications Company Limited (LTC), which equates to an Ooredoo effective stake of 6.0 percent. LTC is the largest telecoms operator in Laos.

Our Social Responsibility

Ooredoo is a community-focused business that works hard to contribute to the social and economic development of the communities it operates in. Ooredoo's vision is based on a strong belief that it can help enrich people's lives and stimulate human growth.

Our Social Responsibility

Ooredoo's vision is reflected in the wide range of programmes launched and supported by Ooredoo in 2014, both at a Group level and across its operations.

Group CSR initiatives

At a Group level, Ooredoo focuses its efforts on key areas where it can best support human growth across communities. It looks to enable youth, and help them to grow and fulfil their potential. It works to empower underserved communities, delivering access to services and information. Ooredoo also supports programmes that champion women, helping them to thrive in society.

In 2014, Ooredoo supported significant activity at a Group level in all three areas.

Working with Ooredoo's brand ambassador Leo Messi and the Leo Messi Foundation, the Group announced the expansion of its Ooredoo Mobile Health Clinics initiative for underserved communities in three new markets in June 2014.

Since 2008, Ooredoo's Indosat has provided people in Indonesia with free healthcare services through its mobile clinics programme. The extension of the initiative is designed to support dedicated mobile clinics for Myanmar, Algeria, and Tunisia, as well as the addition of new clinics for Indonesia.

The new clinics provide healthcare services in rural areas that do not have easy access to medical facilities, providing people with a range of free services, including medical checks, dental checks, nutritional advice and vitamin distribution. In addition, the clinics offer education on healthy living for the communities they visit.

The Group is engaged in on-going work with industry groups and partners to develop new services to address humanitarian crises in the MENA region and Southeast Asia. With a growing number of refugees and internally-displaced people in the MENA region, Ooredoo sees a rising need for emergency mobile services to keep people connected and informed. It is also supporting the launch of a number of dedicated mobile services for crisis response, such as the mobile app launched by Ooredoo Maldives to help people affected by water shortages.

For youth, the company helped to launch a range of training camps for aspiring young footballers. The first Paris Saint-Germain Academy by Ooredoo was held in Qatar, followed by Tunisia, Oman, Kuwait and Algeria. The camps made special arrangements to enable underprivileged children take part, so that they could benefit from access to some of the world's best soccer coaching.

As part of its efforts to support women, Ooredoo continued its CSR initiatives across the Group's footprint, as well as working with the different operations to share knowledge and successes that have worked in other markets. The Group also supported different operations' disaster recovery efforts in Iraq, the Maldives and Indonesia.

Ooredoo Qatar

Ooredoo is one of Qatar's most active proponents of corporate social responsible programmes, and 2014 saw a host of initiatives and sponsorships to help people in need and support the community, with a particular focus on the promotion of healthy living.

In March 2014, Ooredoo signed a partnership with the Qatar Cancer Society to build and support a new state-of-the-art cancer awareness centre in Doha, The Ooredoo Cancer Awareness Centre. The facility will include an education room for students and the public, support networks for patients and families of the diagnosed, and a financial help system for Qatari and expat residents who have difficulty paying for treatments such as chemo therapy. The overall agreement is worth QR 30 million and will help fund the centre for five years.

The company also provided funds for an annual Free Medical Camp for low-income workers who do not have easy access to healthcare facilities, and encouraged staff to receive free medical check-ups at the annual Ooredoo Health Day.

Ooredoo continued to be highly active in the community. During Ramadan, Ooredoo launched a dedicated #DaysOfJoy campaign, which saw a wide range of community and charity initiatives, including hospital visits and children's activities.

In response to the ongoing conflict in Gaza, Ooredoo offered free mobile calls to Palestine for Palestinian people resident in Qatar. Over one million free call minutes were made to Gaza and Palestine from 21 July to 31 July, thanks to the programme.

Ooredoo also supports the community with a host of partnerships and support for charities such as the Sheikh Eid Bin Mohammad Al Thani Charitable Association, Sheikh Thani Bin Abdullah Al Thani Foundation for Humanitarian Services (RAF), Qatar Red Crescent Society, Al Asmakh Charity Foundation, and the Qatar Cancer Society.

Indosat in Indonesia

In line with Ooredoo Group, Indosat focused strongly on education, championing women and young people in 2014.

In support of the national vision, Indosat launched Inspera (Inspirasi Perempuan Indonesia), which provides ICT training and funding for businesswomen. By enabling more of Indonesia's growing number of female entrepreneurs get online, Ooredoo sees an opportunity to boost the economy, and helps the wider community by extending Internet access.

Indosat also introduced Indonesia Belajar in 2014, a programme that offered school renovation and teache training for elementary schools in rural areas. The increase in the number of mobile health clinics also delivered significant benefits for people in rural areas. Indosat now operates 16 mobile clinics in total.

The company also responded quickly and effectively to national disasters. During the major flooding that hit several cities at the start of 2014, Indosat providec emergency aid and free mobile access to help the communities forced from their homes. More than 100,000 people were affected by the floods, which followed an unusually heavy rainy season. Ooredoo and Indosat provided support to humanitarian agencie including Red Cross Indonesia (PMI), PKPU and ACT in their disaster relief and recovery efforts across the affected areas.

Ooredoo Kuwait

In 2014, Ooredoo Kuwait continued to focus its Corporate Social Responsibility initiatives on youth and education.

One of the key initiatives was sponsorship of the Kuwait Industrial Union's Entrepreneurs' Innovation Project, which enabled young people to start-up their own businesses, as well as receive vital training in all aspects of entrepreneurship.

As part of Ooredoo Kuwait's encouragement of voluntary work, it sponsored a Kuwaiti-based non-prof organisation called Ox Adventures that seeks to inspire Kuwaiti youth to volunteer their time and effort in chari work, educational projects and capacity-building exercises in Africa and Asia. The volunteers provide education and tools to enable people to develop and sustain in life.

Ooredoo in Kuwait also announced its support for the Kuwait Blind Association by purchasing and donating Braillo 300 printer. The printer is being used for printir educational and entertainment material in braille for th members of the Association.

Ooredoo Tunisia

2014 was a busy year for Ooredoo Tunisia, which sponsored a host of cultural and sporting events as part of its commitment to Tunisian society.

Rolling out our mobile clinics

Ooredoo expanded its Mobile Health Clinics Initiative this year, increasing the number of equipped vehicles in Indonesia and announcing plans for Myanmar, Algeria and Tunisia. Working with the Leo Messi Foundation, Ooredoo is enriching more lives than ever before.

Empowering our communities

One of Ooredoo's key areas for CSR activity is empowering underserved communities – and in 2014, Ooredoo companies went the extra mile to reach out to groups that have traditionally been neglected by communication service providers.

Ooredoo Tunisia partnered with several leading organisations in the country to provide healthcare for children. Initiatives include a partnership with Esmâani, a social aid charity active in the daily support of hospitals, and Ennour, a centre for after-school child supervision for high risk and vulnerable children. The company also provided support for Darna, an association that provides safe housing for abandoned children.

Continuing their support for unemployed youth in the country, Ooredoo Tunisia sustained its investment in the award winning Najja7ni programmes.

The programmes, which include Najahni Educational, Najahni mEnglish and Najahni Emploi, work to enable young people to receive news, job offers, internship and training opportunities via their mobile. The services hold a host of life enhancing features, such as the chance to learn mathematics, sciences, Arabic, French and English. There are currently over one million young people using these services.

To further help young people and small businesses, Ooredoo Tunisia launched Intilaq, a start-up technology incubator and support vehicle for small business. Together with the Qatar Friendship Fund, Microsoft and other partners, the fund has supported close to 20 start-ups and established incubation centres in Tunisia.

Ooredoo Oman

In 2014, Ooredoo Oman raised money for the Oman Charitable Organisation (OCO) through a host of SMS charity donation services. By making donations as simple as possible, Ooredoo enabled customers to donate money via their phones to support a wide range of local and regional community focused efforts.

The 10th annual "Goodwill Journey" was one of the major CSR projects for the year. During the Holy Month of Ramadan, teams of volunteers visited families across the Sultanate, offering donations and delivering gifts and equipment.

Ooredoo became the official sponsor of Muscat Football Academy during 2014 which is a long term programme to discover and support young talent in the Sultanate.

Ooredoo Maldives

2014 saw Ooredoo Maldives take action to help tackle the Malé water crisis, which left thousands of people without fresh water after a fire broke out at the main water and sewage company.

To help alleviate the crisis, Ooredoo provided a water tracking service on Ooredoo Locate – the company's real-time vehicle tracking system – which enabled users to find nearest mobile water units across Malé. In addition, the company donated bottled water to the communities.

To ensure customers are connected to religious services during the Holy Month of Ramadan, Ooredoo Maldives launched a free prayer alert, translation of the Holy Quran and religious and health Information service via mobile.

Asiacell in Iraq

To combat the on-going humanitarian crisis in Iraq, Asiacell launched a major project called "Smile for Peace" to support internally-displaced people (IDPs) and refugees in 2014. The campaign included the distribution of 10,000 free SIM cards equipped with a free SMS notification service, establishing a dedicated call centre with special short codes, providing handsets and SIMs to refugee camp representatives and donating funds and essentials to families in the camps.

Asiacell also implemented a major CSR programme during the Holy Month of Ramadan in 12 cities and offered aid to 5,000 underserved families and 1,500 orphans.

To support communities in 2014, Asiacell sponsored Sulaymanya Sport Club for two years and supported the launch of the women-empowering magazine "NINA".

Ooredoo Algeria

Ooredoo Algeria announced a significant public-private partnership with Agence Nationale de Development de la Petite et Moyenne Entreprise (ANDPME) in 2014. The partnership aimed to stimulate innovation and promote the development of ICT and its use across the community.

Ooredoo also celebrated International Women's Day and promoted Algerian women participation in athletics in 2014. The Company also showed its support for increased literacy throughout Algeria and celebrated the Arab Day of Literacy with the Algerian Association of Literacy "IQRAA."

Wataniya Palestine

Wataniya Palestine, part of Ooredoo, provided real-time assistance to families across the Gaza Strip with a month-long SMS donation drive in 2014. Customers across Palestine could donate directly to relief efforts by pledging funds via text message from their mobile accounts.

To support the education and development of youth in Palestine, Wataniya Mobile launched a new range of "Learn English" services for mobiles, leveraging Palestine's booming growth in mobile phone ownership. The interactive mobile programme offers two exciting options – a Mobile Quiz service and a Word a Day service.

During 2014 Ooredoo also signed a strategic agreement to support the Gaza Orphans Welfare (Mostakbali) project.

The 22-year programme aims to respond to the emerging and long-term needs of vulnerable children in Gaza by supporting their educational, psychosocial, health and career development needs until they reach adulthood and become self-dependent.

Ooredoo Myanmar

Ooredoo Myanmar engaged in a range of activities to support the development of the community in 2014.

In the education sector, in partnership with the Myanmar Mobile Education project, Ooredoo supported education for out-of-school youth, using buses and tea shops as classrooms to integrate them back into formal education.

Ooredoo Myanmar sponsored Oxford University students to teach English to 800 students at the University of Yangon. The company is also providing computers, tablets, and Internet to 55 libraries that more than 20,000 people will access in 2015. Ooredoo Myanmar organised "Translate-a-thon" events, where volunteers translate educational videos from English to Myanmar. In addition, Ooredoo supported the construction of two tube-wells at Phaung Daw Oo Monastic Education High School, benefiting more than 6,000 students and underprivileged children.

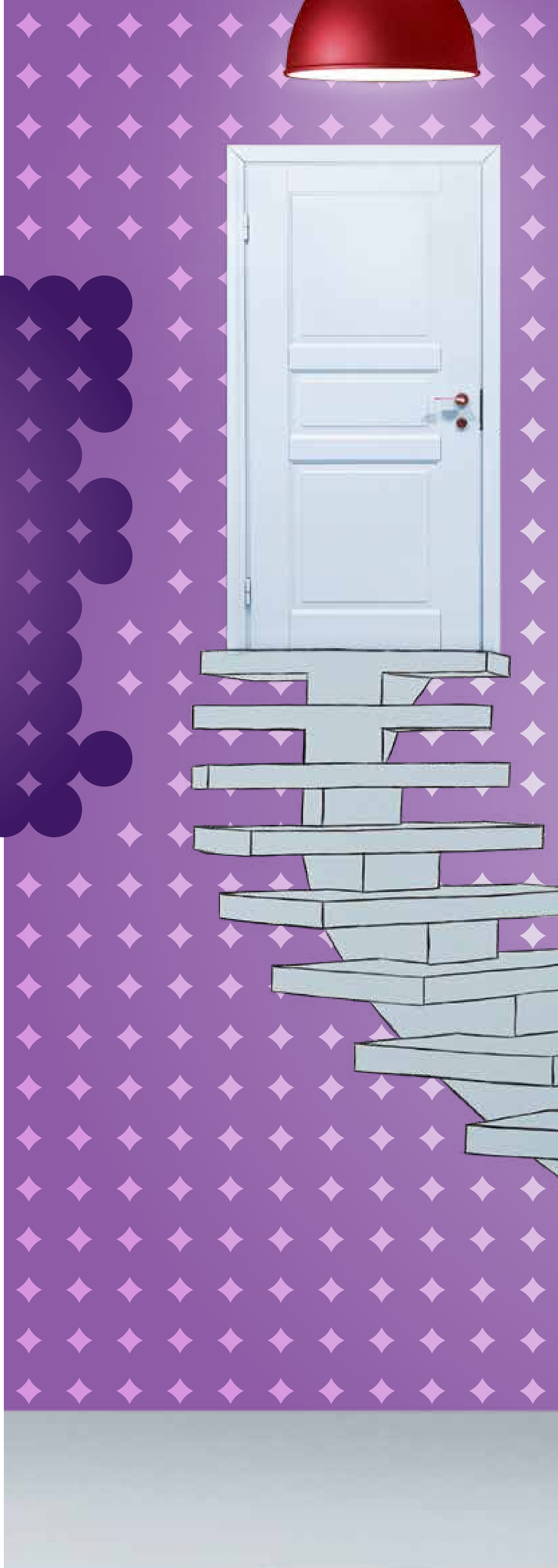
In health, the Ooredoo Mobile Health Clinic Project focused on maternal and children's health and nutrition issues, with more than 120,000 beneficiaries living in central Myanmar. Together with PSI and Koe Koe Tech, the company has delivered digital services like "maymay", a maternal healthcare app.

For women's empowerment, Ooredoo Myanmar's efforts supported the Connected Women's conference in October 2014 and the Geek Girls community which spurs female development in Myanmar's technology revolution. The company is also focused on educating people with low incomes and in rural communities about the benefits of technology.

In entrepreneurial development sector, Ooredoo organised activities such as Hackathons where digital developers solve civic and small business problems.

Corporate Governance Report

Ooredoo's corporate governance practices provide a foundation that ensures the stability and security of the company in challenging times, and in times of high growth. This section provides an overview of the policies and actions taken in 2014 to ensure that this tradition of solid governance continues.



Corporate Governance Report

The Board of Directors and senior executives are entrusted with overseeing and managing Ooredoo Group, and this important responsibility requires commitment, objectivity, and accountability from those in leadership positions. Our role is to ensure the implementation of the highest governance principles and ethics in the Company. We implement best practices in accordance with the requirements of stock markets in which Ooredoo is listed.

We assure our shareholders that the principles and policies of governance we implement are the basis for each decision we issue or procedure implemented at Ooredoo Group level.

Abdulla Bin Mohammed Bin Saud Al Thani
Chairman of the Board

Ooredoo values and corporate governance

Ooredoo's Board and management believe that good corporate governance practices contribute to the creation, maintenance, and increase of shareholder value. Sound corporate governance principles are the foundation upon which the trust of investors is built, and are critical to growing a company's reputation for its dedication to both excellence and integrity.

As Ooredoo continues its rapid growth and global expansion, it is particularly critical to demonstrate to its new shareholders, customers, employees, and communities the same high level of commitment and good corporate citizenship that have earned it a strong reputation in Qatar.

Ooredoo aims to be a leader in corporate governance and ethical business conduct by maintaining best practices, transparency, and accountability to its stakeholders. This includes a commitment to the highest standards of corporate governance, by regularly reviewing the governance structures and practices in place to ensure their effectiveness and consistency with local and international developments.

Role of the Board of Directors

The primary role of the Board of Directors is to provide institutional leadership to the Company, within a framework of prudent and effective controls enabling risk to be assessed and managed. This role has been fully illustrated through the governance framework of the Company, in particular the Articles of Association of the Group companies and the Corporate Governance Manual, in addition to Commercial Companies Law No. (5) for 2002 and Article 14 of the Corporate Governance Code issued by the Qatar Financial Markets Authority, which was incorporated as an annex to the Corporate Governance Manual of the Company.

The Board of Directors has the power and full authority to manage Ooredoo Qatar and the Ooredoo Group, and to pursue the primary objective of creating value for shareholders, with consideration given to the continuity of the Group's business and the achievement of corporate objectives. As Ooredoo QSC is both the parent company of the Ooredoo Group and an operating company in the State of Qatar, its Board of Directors has a dual role.

Within this framework, the Board of Directors undertakes major responsibilities and duties, including:

- Vision and strategy: determining and refining the Group vision and objectives, as well as those of Ooredoo, which are the foundation for all the actions and decisions of the Board and management.
- Management oversight: appointing the CEOs for Ooredoo Qatar and Ooredoo Group, establishing their duties and powers, assessing performance, and determining remuneration; nominating the Chairman, the Board members, and the key officers of Ooredoo and its Group.
- Financial and investment: reviewing and approving reports and accounts and overseeing the Group and Ooredoo financial positions.
- Governance and compliance: preparing and adopting the corporate governance rules for Ooredoo and establishing guidelines for the governance of the Group.
- Communication with stakeholders: overseeing shareholder reporting and communications.

The Board of Directors is also responsible for the disclosure of information to shareholders in an accurate and timely manner. All shareholders can access information relating to the Company and its Board members and their qualifications. The Company also updates its website with all Company news from time to time, in addition to including this information in the Annual Report presented to the General Assembly.

Relevant information is also disclosed to stock markets in Qatar and Abu Dhabi where Ooredoo's stocks are listed, as well as the stock market in London where Ooredoo has Global Depositary Receipts (GDR), by means of quarterly reports and complete annual financial statements, in compliance with the terms and conditions of the applicable stock markets.

Board members

Ooredoo's Board of Directors has the following members:

H.E. Sheikh Abdulla Bin Mohammed Bin Saud Al Thani	Chairman
H.E. Ali Shareef Al Emadi	Vice Chairman
H.E. Mohammed Bin Isa Al Mohannadi	Member
H.E. Turki Mohammed Al Khater	Member
Mr. Aziz Aluthman Fakhroo	Member
Mr. Nasser Rashid Al Humaidi	Member
Mr. Omer Abdulaziz Al-Marwani	Member
Mr. Hareb Masoud Al Darmaki	Member
Mr. Hamad Saeed Al Badi	Member
Mr. Ibrahim Abdulla Al Mahmoud	Member

Pursuant to Article 31 of the Company's Articles of Association, the Secretary of the Board is responsible for all general secretarial duties. The duties of the Board Secretary are contained in the Company's Corporate Governance Manual and the Corporate Governance Code issued by the Qatar Financial Markets Authority.

Board meetings

Board meetings are held regularly, and no less than six times in a financial year, in accordance with Article 27 of the Company's Articles of Association and Article 103 of Commercial Companies Law No. (5), 2002. The Board of Directors held seven (7) meetings in 2014, in addition to a Corporate Governance workshop.

In accordance with Ooredoo's Corporate Governance Manual, the Board undertakes an annual evaluation of its own performance and the performance of its committees and commissions. The Board also verifies that the Chairman and Directors of the Company are aware of their duties under the Corporate Governance Manual and the Articles of Association of the Company, the Commercial Companies Law No. (5), and the Corporate Governance Code issued by the Qatar Financial Markets Authority. It also informs them of the latest developments in the field of governance and, according to requirements or the results of the evaluation process, development programmes are tailored for each Board member.

If a Board member's performance is deficient, and not resolved at the appropriate time, then the Board has the right to take appropriate action in accordance with the law and Corporate Governance Manual. In view of the above, each member signs an acknowledgement that he has perused the Corporate Governance Manual and Corporate Governance Code issued by the Qatar Financial Markets Authority, understood their content, and will adhere and comply with them while a member of the Board of Ooredoo.

For the senior executive management, evaluation is undertaken using a Target Score Card at the Company level, then at the level of the major sections of the Company.

Composition of the Board

The Board of Directors is composed in accordance with Article 20 of the Company's Articles of Association. The Board of Directors consists of 10 non-executive members, five of whom, including the Chairman, are appointed by the State of Qatar. The other five Board members are elected by secret ballot of the General Assembly according to the applicability of the terms of the nomination. Only shareholders owning at least one percent (1%) of the Company's capital may nominate candidates for these Board positions. A Board member's term is four years and may be renewed.

Article 41 of the Articles of Association provides that shareholders holding no less than 1/10 of the capital have the right to call for a General Assembly meeting.

The Company pursues separation between positions, where H.E. Sheikh Abdulla Bin Mohammed Bin Saud Al Thani is the Chairman, Sheikh Saud Bin Nasser Al Thani is the CEO of Ooredoo Qatar and responsible for its management, and Dr. Nasser Marafih is the CEO of Ooredoo Group and responsible for its management.

Conflicts of interest

The Company adopts a policy that ensures the accuracy and correctness of any reports of illegal actions relating to employees and general performance measures, which are clarified in Ooredoo's Code of Business Conduct and Ethics. The Code includes the expected behaviour of employees, particularly with regard to compliance with laws and regulations. Employees must avoid: conflicts of interest, particularly in commercial transactions, business administration and activities; using the Company's assets, records, and information for unauthorised purposes; and unauthorised relationships with related parties outside the Company. No employee may accept or request gifts or bribes, loans or bonuses, prizes or commissions.

Furthermore, the Company complies with Article 108 of the Commercial Companies Law No. (5) for 2002 that does not permit the Chairman, a Board Member or a Director to have any direct or indirect interest in contracts, projects and legal undertakings made in favour of the Company, with the exception of contracts and public tenders where all the competitors are equally allowed to participate by their offers.

The General Assemby should approve the best offers that are presented to the company in relation to contracts, projects and legal undertakings. Approval of these offers should be renewed annually, if the contracts and covenants stipulate annual renewal. In all cases, the organisations that propose these offers should not attend any meetings of the General Assembly or the Board of Directors where these offers are discussed. Any violation to the provisions of this Article by any of the executives mentioned above can result in termination from the company.

Board members' duties

The role of the Board of Directors is to lead the company within the framework of effective directives that allow for risk assessment and management. The Board of Directors has authority and full power to manage the Company, drive the business and uphold shareholders' rights, in addition to the following tasks:

1. Determine the terms of reference, duties, and powers of the Chief Executive Officers and assess performance and remuneration.
2. Evaluate and exercise the powers granted to the members of the Board of Directors and Board committees.
3. Monitor the performance of the executive management; audit and manage arrangements for executive management replacement and rewards.
4. Verify the appropriateness of organisational, administrative, and accounting structures for the Company and its Group, with a focus on the internal control system.
5. Ensure adequate planning for the replacement of executive management.
6. Provide recommendations to appoint, re-appoint, or remove the auditor appointed by the shareholders on the basis of their agreement during the Annual General Meeting of the Company, as recommended by the Audit Committee.

7. Direct members of the Board of Directors and seek guidance from them during the planning of programmes and tariff guidelines. The Chairman of the Board is responsible for providing guidance programmes and guidelines to Board members, to help them perform their duties and ensure they understand ongoing developments on Company issues.
8. The Board of Directors is expected to be seriously committed to the Company, and also to develop and expand their knowledge of the Company's current operations and its main business, and to be available to contribute to the work of the Board and Committees.
9. Members of the Board of Directors and executive management will be trained according to their availability.

Chairman of the Board's role and duties

The main task of the Chairman of the Board is leadership, and to undertake his duties as required by law and the relevant legislation, in addition to the following tasks:

1. Represent the Company in court, and in its relationship with others, and to communicate with and inform the Board.
2. To chair the Board, selected committees, and Board meetings, and run discussions as openly as possible, to encourage Board members to participate effectively in discussions that serve the interests of the Company.
3. Coordinate with the Chief Executive Officer and the heads of the committees and the Secretary of the Board of Directors to determine the schedule for Board and committee meetings, and other important meetings.
4. Coordinate with the Chief Executive Officer to ensure that information is provided to the Board of Directors, so that the Board can make appropriate decisions.
5. Review the timing and quality of supporting documentation to ensure an effective flow of information to the Board of Directors.
6. Guide and enhance the effectiveness of the Board of Directors and members, and assign tasks to them as required.
7. Review monthly results of the Company's business in coordination with the Chief Executive Officer.
8. Ensure that the Company has good relations with official and non-official departments, and with various media.
9. Issue the agenda for Board meetings, taking members' suggestions into account. Assess the performance of the Board annually, and the performance of its committees and members, possibly using a third-party consultant to conduct the evaluation.

The Chairman may delegate some of these powers to another member of the Board of Directors, or the Chief Executive Officer, or the Secretary of the Board.

Qualifications of the Board Secretary

The Board of Directors has appointed Mr. Ezzedine Hamad as Secretary of the Board of Directors. Mr. Ezzedine holds a Bachelor's degree in law from the University of Khartoum (1971), and practised law in Khartoum from that time until 1984. He then practised law in the State of Kuwait from October 1984 until August 1990, when he moved to work as Ooredoo's legal counsel. He is currently in charge of the legal department and regulatory affairs of the Company.

Board activities in 2014

In 2014, Ooredoo's Board of Directors achieved a number of key governance goals and supervised the implementation of a number of key successful initiatives, including:

– Approved the Group's performance report for 2013.
– Approved the consolidated financial statements for 2013, and submitted recommendations to the General Assembly.
– Approved the recommendation from the General Assembly of hiring KPMG as financial auditors of the company for 2014.
– Approved the governance report for 2013, and submitted a recommendation to the General Assembly.
– Approved the dividend of 40 percent of the nominal value of the shares, and rewards of the Chairman and members of the Board of Directors, and submitted the recommendation to the General Assembly.
– Approved the Group business plan for the years 2014, 2015 and 2016, and the budget and financing plan for 2014.
– Approved the Group business plan for the years 2015, 2016 and 2017, and the budget and financing plan for 2015.
– Approved the financial strategy of Ooredoo Group.
– Approved the establishment of a company in partnership with Rocket Internet, and the operating model to manage the Rocket Internet project.
– Approved the start of the third phase of the fibre-optic network project.

- Approved the establishment of the company in Silicon Valley in the United States of America.
- Approved the recommendation of the Nomination and Remuneration Committee about the assessment of the performance of Ooredoo Group's CEO and Ooredoo Qatar's CEO.
- Approved the contract with Starlink to work on the call centre.
- Approved the implementation of the Ooredoo Tower project in Lusail City.
- Approved to join the Submarine Cable Association.
- Approved a number of technical decisions relating to investment opportunities.
- Followed-up the execution of the Group's future strategy, and allocated the necessary budget.
- Approved the Company's capital restructuring.
- Approved the Nomination and Remuneration Committee recommendation of changing salaries structure and levels at the company.
- Approved the Nomination and Remuneration Committee recommendation of changing annual incentives and long-term incentives, and linking them to the company's performance and profits.

Role of Board committees

In order to make the decision-making process more efficient and to support the vision relating to corporate governance, in 2012 the Ooredoo Board restructured its committees into three main committees: Executive Committee, Audit and Risks Committee, and Nomination and Remuneration Committee.

Each committee is composed of not less than four Board members (to be appointed by the Board), except for the Executive Committee that shall comprise five members, taking into account the experience and capabilities of each Board member participating in the committee. The Board may substitute the committee members at any time.

Each of the Board committees works in accordance with a written charter approved by the Board of Directors that clarifies its responsibilities and authorities. The charter of each committee been drafted in accordance with the Corporate Governance Code and Articles of Association of the Company and the Commercial Companies Law No. (5) for 2002, and the Corporate Governance Code of the Qatar Financial Markets Authority.

The table below describes the composition of each of the Board committees:

Board committees:

Committee	Name of Board Member	Position
Executive Committee	H.E. Mohammed Bin Isa Al Mouhanadi	Chairman
	Mr. Hareb Masoud Al Darmaki	Vice Chairman
	Mr. Aziz Aluthman Fakhroo	Member
	Mr. Omer Abdulaziz Al-Marwani	Member
Audit and Risks Committee	H.E. Turki Mohammed Al Khater	Chairman
	Mr. Nasser Rashid Al Humaidi	Vice Chairman
	Mr. Hamad Said Al Badi	Member
	Mr. Omar Abdl Aziz Al Marwani	Member
Nomination and Remuneration Committee	H.E. Mohammed Bin Isa Al Mouhanadi	Chairman
	H.E. Turki Mohammed Al Khater	Vice Chairman
	Mr. Nasser Rashid Al Humaidi	Member
	Mr. Omar Abdul Aziz Al Marwani	Member

A. Executive Committee

The committee aims to ensure that decisions are made at the highest levels, to achieve the Company's objectives in a flexible and timely manner in accordance with the authority delegated to the committee by the Board of Directors.

The committee is also responsible for studying issues that need detailed and in-depth review before presenting to the Board for final decision. It also oversees Ooredoo's strategy and methods deployed for adopting financial and strategic investments.

In 2014 the committee made a number of key decisions and undertook the following activities:

- Reviewed investment opportunities and made recommendations to the Board of Directors.
- Reviewed recommendations for awarding contracts, and took appropriate decisions.
- Reviewed the position of Ooredoo Group companies to evaluate their performance in the markets in which it operates, and submitted recommendations to the Board of Directors.
- Reviewed the Company's financial portfolio.
- Reviewed the draft charter of the Executive Committee and submitted it to the Board of Directors for update.

The committee held six (6) meetings in 2014.

B. Audit and Risks Committee

The committee assists Ooredoo's Board in overseeing the integrity of the Company's financial statements. It also provides consultancy to the Board on the efficiency and adequacy of its internal control system and arrangements for risk management. The committee is also responsible for ensuring that internal and external audit functions are independent and objective.

The committee reviews the annual internal audit and auditors' reports, and prepares reports on issues arising from auditing the Company and its subsidiaries, including management responses to comments and recommendations; the level of cooperation and information provided during the audit process; and the usefulness of the audit report versus cost. The committee also sets up communication channels between executive management and internal and external auditors.

In 2014 the committee completed a number of major works including:

- Reviewed the annual and quarterly internal audit reports.
- Reviewed the quarterly Risk Management Report regularly.
- Reviewed the annual internal audit plan.
- Reviewed all financial statements before submitting to the Board.
- Reviewed the results of the Internal Audit Quality Assurance Review for Ooredoo and Group companies.
- Approved the procedures of selecting the auditors for the group companies, holding companies and investment companies.
- Approved to submit the recommendation of the Nomination and Remuneration Committee on the inclusion of performance indices for the Group's Departments an item on the extent of executive managers' adherence to executing remarks and notes of internal audit.
- Approved the performance index of Internal Audit for 2014.
- Approved the organisational structure of the corporate governance management, and submitted a recommendation to the Nominations and Remuneration Committee.

The committee held seven (8) meetings in 2014.

C. Nomination and Remuneration Committee

The committee assists the Board in executing its responsibilities with regard to nominating and appointing Board members to the Company and its affiliated companies, and determining the remuneration of the Chairman and members of the Board, and the remuneration of senior executive management and officials. The committee also takes part in assessing the performance of the Board.

In 2014, the committee considered a number of important issues and made the following decisions:

- Approved the CEOs' performance for 2013, and approved the CEOs' performance plans for 2014, and submitted a recommendation to the Board of Directors.
- Approved the assessment and performance of Ooredoo's Group CEO and Ooredoo Qatar's CEO for 2013, and submitted a recommendation to the Board of Directors.
- Approved the modification of salaries structure and levels at the company, and submitted a recommendation to the Board of Directors.
- Approved the modification of annual incentives and long-term incentives, and linking them to the company's performance and profits, and submitted a recommendation to the Board of Directors.
- Approved the nomination of Ooredoo representatives in the boards of directors of subsidiary companies.
- Approved special bonuses for Ooredoo representatives on the boards of small and medium-sized operating companies which pay no or small fees to Board Members.
- Approved the organisational structure of Ooredoo Global Services and approved the appointment of company's Chief Executive Officer.
- Adoption of succession plans for executives in the company.
- Approved the appointment of Ooredoo Oman's CEO, and Wataniya Palestine's CEO.
- Approved of the organisational structure of the Corporate Governance.

The committee held seven (7) meetings during 2014.

Corporate Governance Department and Governance Committee

The Corporate Governance Department was established in 2008 and is responsible for assisting the management and Board in ensuring the efficiency and implementation of corporate governance policies and practices in Ooredoo and its Group.

To ensure continuous monitoring and following up of issues and policies of corporate governance, the Corporate Governance Department was established, headed by Ooredoo's Head of Corporate Governance, and composed of the Head of Group Corporate Affairs, the Group Financial Controller, the Group Board Secretary, the Group Legal Counsel, and the Group Chief Audit Executive. Sheikh Ali Bin Al Jabor Al Thani acts as compliance officer.

In 2014 the Corporate Governance Department did the following:

- Monitored the implementation of Corporate Governance in Ooredoo Group companies.
- Reviewed the list of Ooredoo representatives in the boards of the Group's companies.
- Adopted an employee disclosure procedure for non-Ooredoo interests.
- Monitored the publication of the Corporate Governance code in Group companies.
- Assisted the Board of Directors in the annual assessment and evaluation of adherence to the Code of Conduct.

The committee held three (3) meetings in 2014.

Internal audit objectives and activities

The Internal Audit Department provides independent and objective consultancy services that aim to add more value and improve Ooredoo's processes. These tasks are performed under the supervision of the Audit and Risk Committee. The Board, Audit Committee, and Executive Management have each issued clear instructions to all units to work in accordance with external and internal audit systems, and to respond to any issue or topic raised by auditors.

In 2014, the Internal Audit Department made the following key decisions:

- Reviewed and evaluated the internal control framework through implementing the approved internal audit plan.
- Reviewed quarterly and annual Enterprise Risk Reports of Ooredoo Qatar and the Group and assessed the effectiveness of plans to reduce these risks.

- Complied with the Internal Audit Manual based on the International Standards for the Professional Practice of Internal Auditing to provide practical guidance throughout the internal audit activity.
- Reviewed the quarterly Internal Audit reports for Group companies.
- Reviewed Internal Audit plans for Group companies.
- Coordinated between external auditors, Audit Bureau Qatar, and management.
- Supported operating companies' internal audit functions.
- Reviewed the proposed policies for opinions on the adequacy of internal regulation measures.

To ensure transparency and credibility, an investigation is held to look into any matters that draw the attention of the internal auditor, external auditor, or finance team, based on the nature of those issues.

Supervising and controlling the Group

Monitoring and supervision at Group level have distinct lines for strategy and financial control in a full review in each of the operating companies. The processes involve an annual cycle of strategic and budget submissions and meetings between the executive staffs of the Group and the operating companies. This detailed review of the performance of each operating company is a primary source of information, provided to shareholders through quarterly or annual reports. In addition, the Group has a vision for the decisions and actions of the Board of Directors and audit committee of each operating company. Control and surveillance measures vary in each operating company, reflecting the delegation of powers to the Board of Directors and executive management of each of the companies, but the governance models of each operating company involve regular reporting to the Group.

The process of unifying the Audit Committee charters will ensure that overseeing the system of internal control is delegated to audit committees in line with international best practice.

Risk management and internal control

The risk management policy of Ooredoo Group requires the Group's Board of Directors to implement a system for overseeing, managing, and controlling internal risks to protect the Company's investments and operations inside and outside Qatar. This system is designed to:

- Identify, assess, monitor, and manage risks.
- Inform the Board of Directors about the actual changes of Ooredoo's risk profile.

The Board is responsible for establishing the risk management system and for reviewing the effectiveness of its implementation in Ooredoo and its Group. Management is responsible for systematically identifying, assessing, monitoring, and managing material risks throughout the organisation. This system includes the Company's internal compliance and control systems.

In addition, the Company has tight controls and well-established systems that control its transactions and relationships with related parties. Ooredoo Group implements a risk management policy at Group level, where it states that the Group's Board of Directors, supported by Audit Committee and Internal Audit Department, will review all risks that Ooredoo and its subsidiaries might face every quarter. Identifying risks that might face any of the operating companies is the responsibility of its executive management and employees. The Group's Risk Management examines the risk ratings determined, and the action plans to address these risks.

In undertaking the above, Internal Audit provides support to risk management in the Group. The risk-pooling and actions planned to be taken to mitigate the effects of risks are set out in the existing procedures for the annual strategic planning of the Group. Measures for identifying and managing risks vary between operating companies, but they are now being standardised, starting with reviewing and amending Audit Committee charters in operating companies to ensure that audit committees are permanently assigned to oversee risk management in Ooredoo's subsidiaries.

High-level financial measurements are collected at Group level according to recurring timetables, monthly, quarterly, or yearly depending on the details required. These measurements provide an indication of the risks faced by each operating company, with special attention to issues of cash and funding needs, as well as preparedness to deal with the unexpected. The Company is currently updating its methods so it can collect more detailed data about risk management. The Company has already started to study offers from developers of automated systems that can be used at Group level to collect and manage risk databases that have been identified, and procedures to address them. The Department works on analysing risk management efficiency in Ooredoo, in addition to internal compliance and control systems and their efficiency.

Ooredoo also implements a system to compare external markets with the procedures in place to manage risk. This is to guarantee implementing the best practices.

Company's adherence to internal and external audit systems

The Company has appointed an external auditor and is working on adherence to internal and external audit systems. There are decisions and clear instructions from the Board of Directors, Audit Committee, and senior executive management that emphasise the necessity for all sectors and departments of the Company to adhere to internal and external audit, and deal with all cases identified by the auditors.

With regard to technical and accounting reports, some observations are contained in the reports of the internal auditor, external auditor, and the Audit Bureau. These are being dealt with as appropriate.

Also, the Company has a policy to ensure staff protection and confidentiality in the event of informing them of any suspicious transactions. This policy has been included as part of the Code of Ethics and Business Conduct.

Availability of information

The Company guarantees for all shareholders the right to review all relevant information and disclosures through its website and annual reports that are made available to all shareholders. Shareholders can access all information relating to Board members and their qualifications, including the number of shares they own in the Company, their presidencies or membership on the boards of directors of other companies, as well as information on executive management of the Company. All shareholders are entitled to access to all relevant information.

In Article 48 of the Company's Articles of Association, the rights of minority shareholders have been implicitly provided for. The Article states that the "resolutions of the General Assembly issued in accordance with the Company's Articles shall be binding to all including the absent ones, offenders in the opinion, incompetent or under-capacity".

Dividend policy

Profits are distributed upon a recommendation by the Board of Directors and a decision of the General Assembly of the Company in its ordinary annual meeting, in compliance with Article 53 of the Articles of Association of the Company.

Shareholder records

Subject to the provisions of Article 10 of the Company's Articles of Association, Article 159 of the Commercial Companies Law No. (5) for 2002, and Article 10 of the Corporate Governance Code issued by the Qatar Financial Markets Authority and at the direction of Qatar Exchange, the Company keeps true, accurate, and up-to-date records of the Company's shareholders via the central system for shareholders, run by the Stock Exchange.

Any shareholder or relevant related parties can look at the shareholders' register, and obtain all relevant information.

In the two tables below, the first shows the stakes of the major shareholders in the Company, and the second shows the shares of the members of the Board of Directors:

Shares of major shareholders of the Company

	Country	Number of shares	Percentage
Qatar Holding Company	Qatar	165,580,842	51.7%
General Retirement and Social Insurance Authority	Qatar	40,062,110	12.5%
Abu Dhabi Investment Authority	United Arab Emirates	32,031,994	10.0%
General Military Retirement and Social Insurance Authority	Qatar	5,513,914	1.7%

Shares of the members of the Board of Directors

Board Member Name	Number of Shares	Country	Beneficiary Name
H.E. Turki Mohammed Al Khater	5,460	Qatar	H.E. Turki Mohammed Al Khater
Mr. Ibrahim Abdullah Al-Mahmoud	6,200	Qatar	Mr. Ibrahim Abdullah Al-Mahmoud
Hamad Saeed Al Badi	12,012	United Arab Emirates	Hamad Saeed Al Badi
Hareb Masoud Al Darmaki	16,013	United Arab Emirates	Hareb Masoud Al Darmaki

Fair treatment of shareholders and voting rights

According to the provisions of Article 16 of the Company's Articles of Association, which states that "each share shall give its holder equal proprietary rights as other shareholders, without any discrimination, in the Company's assets and equal rights to receive dividends as herein-after provided", the dividend will be distributed to the shareholders.

According to the provisions of Article 38 of the Company's Articles of Association, each shareholder has the right to attend the General Assembly, either personally or by proxy.

Employees of the Company

The human resources policy adopted and applied by the Company is prepared in accordance with the provisions of the Labour Law No. 14 of 2004, and related ministerial decisions which serve the interests of the Company and its employees, and takes into account at the same time the principles of justice, equality, and non-discrimination on the basis of sex, race, or religion.

The Company's achievements

During 2014, the company launched a range of initiatives to enhance its market positioning and deepen its relationship with its customers.

One of the most important areas of focus for the year was data. Investment in networks played a key role in Ooredoo's success. Ooredoo continued to invest in 4G networks for markets like Qatar, Kuwait, Oman, Indonesia and the Maldives, and enhanced its 3G services for Algeria and Tunisia. In December, Ooredoo launched 4G+ services in Qatar – an important "first" for the company – and Asiacell prepared for the launch of 3G services in Iraq, which was achieved post-period in January 2015.

To support its leadership position in this area, the company signed a number of strategic agreements. These included its partnership with the Rocket Internet to jointly develop e-Commerce and other digital services in Asia.

To build on the success of its existing wholesale operations, Ooredoo established Ooredoo Global Services (OGS) in May, to serve as the Group's wholesale arm. The company also launched a new business unit, Ooredoo Business, which targets corporate opportunities across Ooredoo's footprint.

The roll-out of the Ooredoo brand continued throughout the year. In April, Ooredoo's Tunisian operations fully adopted the Ooredoo brand, followed by Kuwait and Oman. With the commercial launch of Ooredoo Myanmar, the company now had seven markets under the Ooredoo brand.

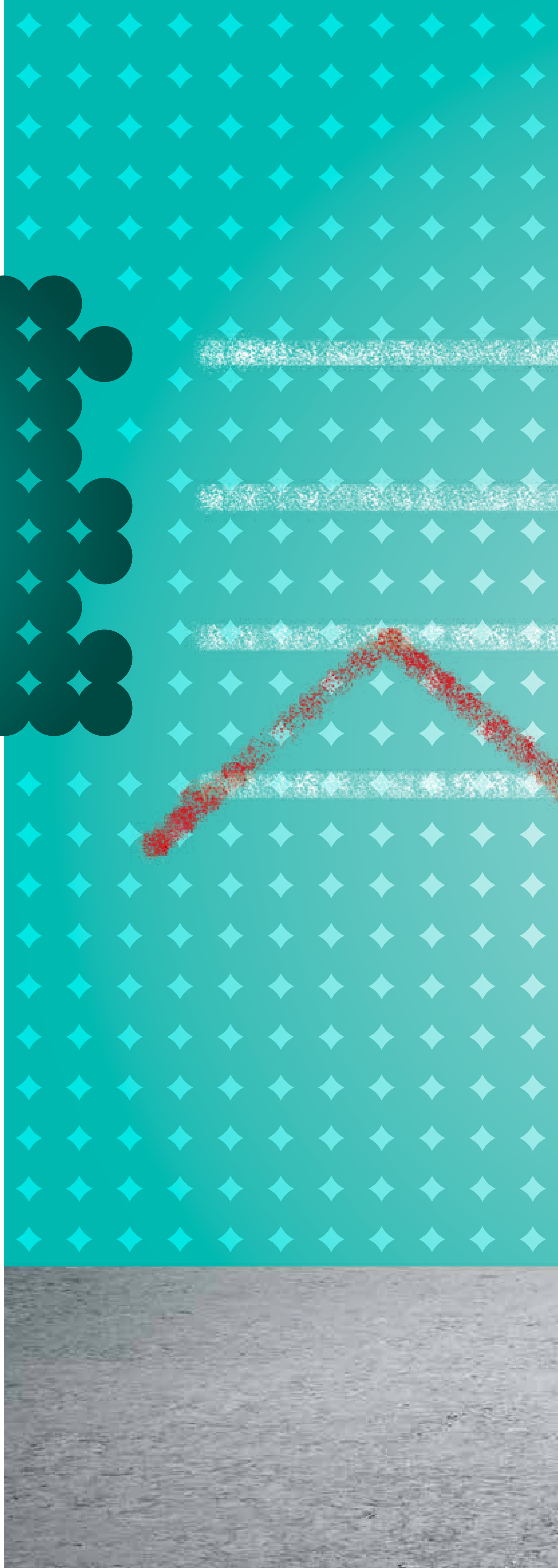
Ooredoo's continued to pursue its prudent financial strategy during 2014. Ooredoo signed a US$1 billion revolving credit facility agreement with a syndicate of international banks in May. The tenor of the facility is five years, and the facility is being used for general corporate purposes. Ooredoo also signed three Commodity Murabaha facilities for a total of US$498 million in May 2014.

The company was also swift and decisive in a number of investment decisions. At the start of the year, Ooredoo subsidiary Wataniya Group completed the divestment of Bravo to STC. Ooredoo's strategy is to focus on core businesses, based on global technology standards, and Bravo's "Push to Talk" technology-based business was no longer a good fit with Ooredoo's platform strategy.

2014 ended with one of the proudest moments in the company's history. On behalf of the State of Qatar, Ooredoo organised the ITU Telecom World Conference, welcoming thousands of communications professionals from around the world and showcasing the incredible range of networking and technology solutions that Qatar – and Ooredoo – is supporting.

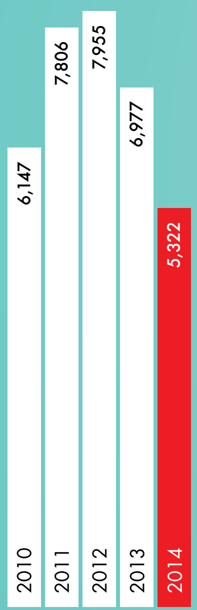
Financial Review

Ooredoo made significant progress against its strategy during 2014. The following section outlines the financial performance of the Company, in addition to outlining Ooredoo's dividend policy and share price performance.



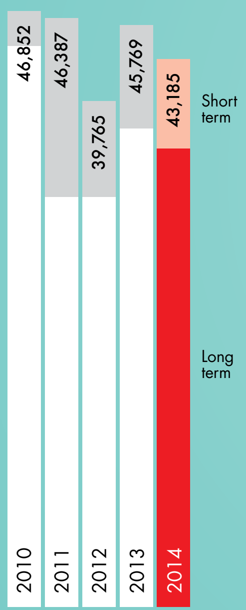
EBIT

Amount in QR millions



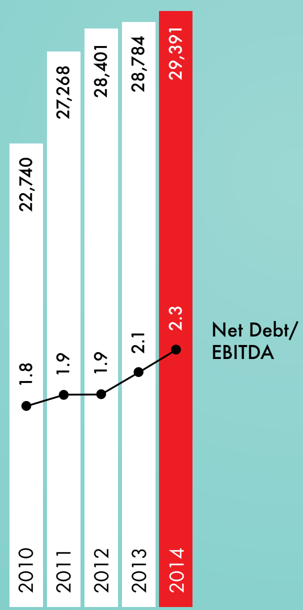
Total Group debt

Amount in QR millions (Note D)



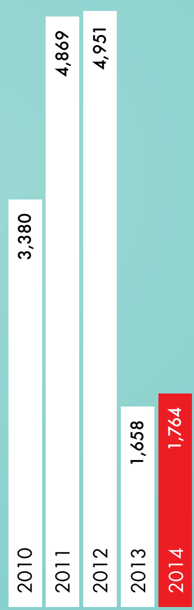
Net debt

Amount in QR millions (Note B)



Free cash flow

Amount in QR millions (Note C)

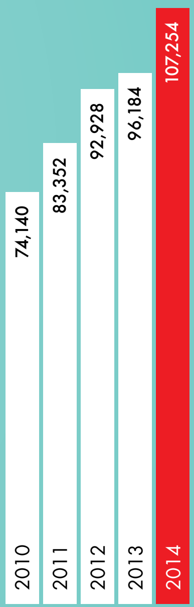


2014 financial and operating highlights

		2014	2013	% change 2013 to 2014	2012	% change 2012 to 2014
Operations						
Revenue	QR millions	33,207	33,851	–2%	33,476	–1%
EBITDA	QR millions	12,948	14,640	–12%	15,567	–17%
EBITDA margin	Percentage	39%	43%		47%	
Net profit attributable to Ooredoo shareholders	QR millions	2,134	2,579	–17%	2,947	–28%
Earnings per share (EPS) – basic and diluted	QR	6.66	8.05		9.89	
Cash dividend declared per share	QR	4.00	4.00		5.00	
Cash dividend payout ratio (Note A)	Percentage	60%	50%		54%	
Operational cash flow	QR millions	10,754	11,535	–7%	11,817	–9%
Capital expenditure	QR millions	8,391	9,298	–10%	7,316	15%
Employees	Number	17,551	16,971	3%	17,130	2%
Financial position						
Total net assets	QR millions	30,469	32,427	–6%	36,732	–17%
Net debt (Note B)	QR millions	29,391	28,784	2%	28,401	3%
Net debt to EBITDA	Multiples	2.3	2.1		1.9	
Free cash flow (Note C)	QR millions	1,764	1,658	6%	4,951	–64%
Market capitalisation	QR millions	39,687	43,948	–10%	33,313	19%
Customers						
Wireless postpaid (incl. wireless broadband)	Thousands	4,799	3,633	32%	3,489	38%
Wireless prepaid	Thousands	101,484	91,311	11%	88,591	15%
Fixed line (incl. fixed wireless)	Thousands	971	1,240	–22%	848	15%
Total customers	Thousands	107,254	96,184	12%	92,928	15%

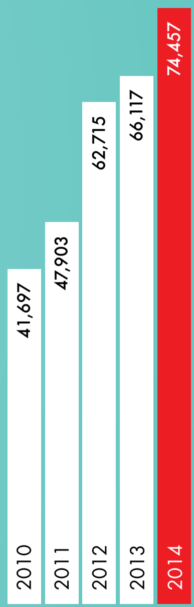
Total customers

Thousands



Proportional customers

Thousands (Note E)



Note A Dividend payout ratio = cash dividend / net profit to Ooredoo shareholders.

Note B Net Debt = total loans and borrowings + contingent liabilities (letters of gurantee + letters of credit + finance lease + vendor financing) less cash (net of restricted cash and below BBB+ rating).

Note C Free cash flow = net profit plus depreciation and amortization less capex; net profit adjusted for extraordinary items.

Note D Short term debt includes debt with a maturity of less than twelve months.

Note E Proportional customers represent the customers for each operating company, multiplied by the effective stake in that operating company.

Investor relations

Ooredoo's investor relations activities are intended to promote understanding of the company by its shareholders, investors and other market participants, encourage them to properly assess the company's value, and provide feedback on market opinions to the management of Ooredoo.

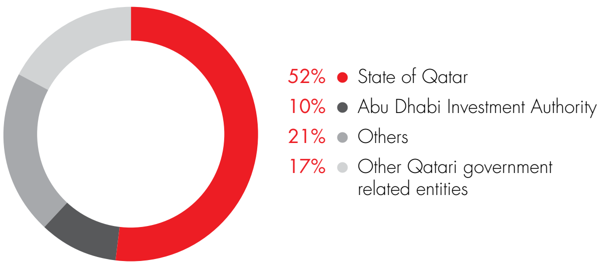
Key areas of focus:

- The delivery of timely and accurate information;
- Ensuring disclosure, transparency and governance practices continue to be enhanced and region leading; and
- Proactive investor outreach and management access via conferences, roadshows, calls, and regular meetings.

Dividend policy

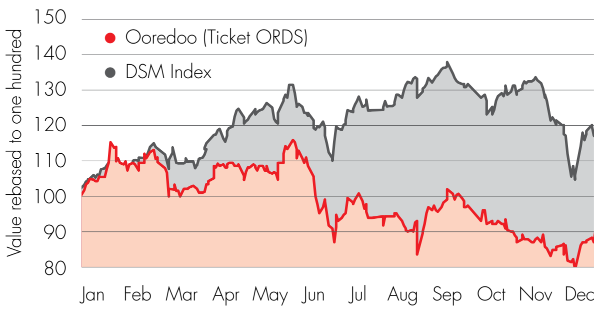
Ooredoo Q.S.C. has a stated strategy of expanding organically and inorganically within key geographies and strategic lines of business. A key tenet of this strategy is ensuring flexibility for the company in declaring dividend distributions. This flexibility allows Ooredoo to balance the demands of its growth strategy while still maintaining sufficient reserves and liquidity to address operational and financial needs. As a result, dividends will vary from year to year.

Company ownership profile



Share price performance

1 January 2014 – 31 December 2014



Consolidated Financial Statements

Consolidated Financial Statements

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Independent Auditors' Report

KPMG
Audit

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To the shareholders of Ooredoo Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ooredoo Q.S.C. ("the Company") which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the Board of Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 13(ii) of the consolidated financial statements which describes the effects on property, plant and equipment of one of the Company's subsidiaries due to the current security situation in certain locations of Iraq.

Report on other legal and regulatory requirements

We have obtained all the information and explanation which we considered necessary for the purpose of our audit. The Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We confirm that physical count of inventory was carried out in accordance with established principles. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No 5 of 2002 or the terms of the Company's Articles of Association and the amendments thereto having occurred during the year which might have had a material adverse effect on the business of the Company or on its consolidated financial position as at 31 December 2014.

10 March 2015
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Note	2014 QR'000	2013 QR'000
Continuing operations			
Revenue	5	33,207,209	33,851,340
Operating expenses	6	(12,043,019)	(11,084,389)
Selling, general and administrative expenses	7	(8,305,408)	(8,225,083)
Depreciation and amortisation	8	(7,626,309)	(7,662,849)
Net finance costs	9	(2,031,844)	(2,020,882)
Impairment of assets	14(ii)	(25,963)	(41,638)
Other income/(expense) – net	10	209,528	(684,748)
Share of results in associates and joint venture – net of tax	16	89,098	97,869
Royalties and fees	11	(392,834)	(334,474)
Profit before income taxes		3,080,458	3,895,146
Income tax	19	(598,796)	(611,889)
Profit from continuing operations		2,481,662	3,283,257
Discontinued operation			
Profit from discontinued operation – net of tax	41	46,725	10,073
Profit for the year		2,528,387	3,293,330
Profit attributable to:			
Shareholders of the parent		2,134,334	2,578,657
Non-controlling interests		394,053	714,673
		2,528,387	3,293,330
Basic and diluted earnings per share (Attributable to shareholders of the parent) (Expressed in QR per share)	12	6.66	8.05

The attached notes 1 to 42 form part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	Note	2014 QR'000	2013 QR'000
Profit for the year		2,528,387	3,293,330
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale investments	25	(479,044)	231,204
Effective portion of changes in fair value of cash flow hedges	25	(318)	903
Net changes in fair value of employee's benefit reserve	25	(41,266)	237,111
Share of other comprehensive income of associates and joint venture	25	1,352	2,843
Foreign currency translation differences	25	(1,986,245)	(3,097,213)
Other comprehensive income for the year – net of tax		(2,505,521)	(2,625,152)
Total comprehensive income for the year		22,866	668,178
Total comprehensive income attributable to:			
Shareholders of the parent		(163,258)	552,327
Non-controlling interests		186,124	115,851
		22,866	668,178

The attached notes 1 to 42 form part of these consolidated financial statements

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 QR'000	2013 QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	33,690,589	32,315,832
Intangible assets and goodwill	14	33,524,208	31,473,769
Investment property	15	55,112	60,363
Investment in associates and joint venture	16	2,604,367	1,752,172
Available-for-sale investments	17	1,627,146	2,704,493
Other non-current assets	18	750,626	697,244
Deferred tax assets	19	59,884	50,703
Total non-current assets		72,311,932	69,054,576
Current assets			
Inventories	20	666,670	537,311
Trade and other receivables	21	7,583,319	6,835,505
Bank balances and cash	22	17,437,426	20,304,571
Assets held for distribution	41	–	375,136
Total current assets		25,687,415	28,052,523
TOTAL ASSETS		97,999,347	97,107,099
EQUITY			
Share capital	23	3,203,200	3,203,200
Legal reserve	24 (a)	12,434,282	12,434,282
Fair value reserve	24 (b)	892,562	1,326,369
Employment benefit reserve	24 (c)	17,659	43,165
Translation reserve	24 (d)	(3,503,511)	(1,665,232)
Other statutory reserves	24 (e)	1,057,820	980,788
Retained earnings		9,386,147	8,645,312
Equity attributable to shareholders of the parent		23,488,159	24,967,884
Non-controlling interests		6,980,354	7,459,448
Total equity		30,468,513	32,427,332

The attached notes 1 to 42 form part of these consolidated financial statements

	Note	2014 QR'000	2013 QR'000
LIABILITIES			
Non-current liabilities			
Loans and borrowings	26	35,641,221	37,254,452
Employees benefits	27	837,458	696,964
Deferred tax liabilities	19	755,494	879,216
Other non-current liabilities	28	3,658,173	2,625,857
Total non-current liabilities		40,892,346	41,456,489
Current liabilities			
Loans and borrowings	26	7,155,509	8,057,873
Trade and other payables	29	16,998,045	12,364,647
Deferred income		1,914,890	1,739,333
Income tax payable		570,044	561,122
Liabilities held for distribution	41	–	500,303
Total current liabilities		26,638,488	23,223,278
Total liabilities		67,530,834	64,679,767
TOTAL EQUITY AND LIABILITIES		97,999,347	97,107,099

Abdulla Bin Mohammed Bin Saud Al Thani
Chairman

Mohammed Bin Issa Al Mohannadi
Member

The attached notes 1 to 42 form part of these consolidated financial statements

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Note	Share capital	Legal reserve	Fair value reserve	Employee benefit reserve	Translation reserve	Other statutory reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to shareholders of the parent									
		QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At 1 January 2014		3,203,200	12,434,282	1,326,369	43,165	(1,665,232)	980,788	8,645,312	24,967,884	7,459,448	32,427,332
Profit for the year		–	–	–	–	–	–	2,134,334	2,134,334	394,053	2,528,387
Other comprehensive income		–	–	(433,807)	(25,506)	(1,838,279)	–	–	(2,297,592)	(207,929)	(2,505,521)
Total comprehensive income for the year		–	–	(433,807)	(25,506)	(1,838,279)	–	2,134,334	(163,258)	186,124	22,866
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend for 2013	30	–	–	–	–	–	–	(1,281,280)	(1,281,280)	–	(1,281,280)
Transfer to other statutory reserves		–	–	–	–	–	77,032	(77,032)	–	–	–
Transactions with non-controlling interest, recognised directly in equity											
Changes in non-controlling interest of associate		–	–	–	–	–	–	12,635	12,635	–	12,635
Dividend for 2013		–	–	–	–	–	–	–	–	(665,218)	(665,218)
Transactions with non-owners of the Group, recognised directly in equity											
Transfer to social and sports fund		–	–	–	–	–	–	(47,822)	(47,822)	–	(47,822)
At 31 December 2014		3,203,200	12,434,282	892,562	17,659	(3,503,511)	1,057,820	9,386,147	23,488,159	6,980,354	30,468,513

The attached notes 1 to 42 form part of these consolidated financial statements

	Note	Share capital	Legal reserve	Fair value reserve	Employee benefit reserve	Translation reserve	Other statutory reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to shareholders of the parent									
		QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At 1 January 2013		3,203,200	12,434,282	1,084,494	(110,958)	757,096	825,245	9,442,505	27,635,864	9,095,772	36,731,636
Profit for the year		–	–	–	–	–	–	2,578,657	2,578,657	714,673	3,293,330
Other comprehensive income		–	–	241,875	154,123	(2,422,328)	–	–	(2,026,330)	(598,822)	(2,625,152)
Total comprehensive income for the year		–	–	241,875	154,123	(2,422,328)	–	2,578,657	552,327	115,851	668,178
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend for 2012	30	–	–	–	–	–	–	(1,601,600)	(1,601,600)	–	(1,601,600)
Transfer to other statutory reserves		–	–	–	–	–	155,543	(155,543)	–	–	–
Transactions with non-controlling interest, recognised directly in equity											
Acquisition of non-controlling interests	4.1	–	–	–	–	–	–	(1,590,459)	(1,590,459)	(592,669)	(2,183,128)
Acquisition of non-controlling interests		–	–	–	–	–	–	(3,385)	(3,385)	1,256	(2,129)
Dilution of ownership interest		–	–	–	–	–	–	9,375	9,375	–	9,375
Dividend for 2012		–	–	–	–	–	–	–	–	(1,160,762)	(1,160,762)
Transactions with non-owners of the Group, recognised directly in equity											
Transfer to social and sports fund		–	–	–	–	–	–	(34,238)	(34,238)	–	(34,238)
At 31 December 2013		3,203,200	12,434,282	1,326,369	43,165	(1,665,232)	980,788	8,645,312	24,967,884	7,459,448	32,427,332

The attached notes 1 to 42 form part of these consolidated financial statements

Consolidated Statement of Cash Flows
Year ended 31 December 2014

	Note	2014 QR'000	2013 QR'000
OPERATING ACTIVITIES			
Profit before income taxes		3,080,458	3,895,146
Profit from discontinued operation	41	46,725	10,073
Adjustments for:			
Depreciation and amortisation		7,633,592	7,750,832
Dividend income	10	(60,567)	(43,851)
Impairment of assets	14(ii)	25,963	41,638
Gain on disposal of available-for-sale investments	10	(703,182)	(84,065)
Gain on disposal of property, plant and equipment		(18,641)	(64,527)
(Profit)/loss on disposal of a subsidiary	41	(46,438)	1,071
Net finance costs		2,031,837	2,021,028
Provision for employees' benefits		276,458	299,392
Provision for trade receivables		181,451	209,589
Share of results in associates and joint venture – net of tax	16	(89,098)	(97,869)
Operating profit before working capital changes		12,358,558	13,938,457
Working capital changes:			
Change in inventories		(129,359)	(184,580)
Change in trade and other receivables		(1,021,973)	(1,169,385)
Change in trade and other payables		2,612,161	2,027,835
Cash from operations		13,819,387	14,612,327
Finance costs paid		(2,184,491)	(2,088,862)
Employees' benefits paid	27	(183,100)	(129,884)
Income taxes paid		(698,028)	(858,947)
Net cash from operating activities		10,753,768	11,534,634

The attached notes 1 to 42 form part of these consolidated financial statements

	Note	2014 QR'000	2013 QR'000
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	(8,391,008)	(9,297,933)
Acquisition of intangible assets		(2,346,751)	(493,731)
Investment in associates		(59,688)	–
Investment in a joint venture		(232,593)	–
Acquisition of available-for-sale investments		(21,432)	(18,601)
Proceeds from disposal of property, plant and equipment		120,495	517,520
Proceeds from disposal of available-for-sale investments		1,303,201	183,594
Proceeds from disposal of a subsidiary	41	(77,881)	510
Movement in restricted deposits		178,450	(90,626)
Movement in other non-current assets		(66,542)	98,861
Dividend received		182,654	70,223
Interest received		244,401	282,908
Net cash used in investing activities		(9,166,694)	(8,747,275)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		8,938,909	16,141,243
Repayment of loans and borrowings		(11,267,384)	(9,010,541)
Acquisition of non-controlling interest		–	(2,185,257)
Additions to deferred financing costs	26	(29,165)	(156,063)
Dividend paid to shareholders of the parent		(1,281,280)	(1,601,600)
Dividend paid to non-controlling interests		(665,218)	(1,160,762)
Movement in other non-current liabilities		(282,885)	(10,195)
Net cash (used in)/from financing activities		(4,587,023)	2,016,825
Net Change in Cash and Cash Equivalents		(2,999,949)	4,804,184
Effect of exchange rate fluctuations		111,593	598,553
Cash and cash equivalents at 1 January		20,203,819	14,801,082
Cash and Cash Equivalents at 31 December	22	17,315,463	20,203,819

The attached notes 1 to 42 form part of these consolidated financial statements

1 REPORTING ENTITY

Qatar Public Telecommunications Corporation (the "Corporation") was formed on 29 June 1987 domiciled in the State of Qatar by Law No. 13 of 1987 to provide domestic and international telecommunication services within the State of Qatar. The Company's registered office is located at 100 Westbay Tower, Doha, State of Qatar.

The Corporation was transformed into a Qatari Shareholding Company under the name of Qatar Telecom (Qtel) Q.S.C. (the "Company") on 25 November 1998, pursuant to Law No. 21 of 1998.

In June 2013, the legal name of the Company was changed to Ooredoo Q.S.C. This change had been duly approved by the shareholders at the Company's extraordinary general assembly meeting held on 31 March 2013.

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

The Company and its subsidiaries (together referred to as the "Group") provides domestic and international telecommunication services in Qatar and elsewhere in the Asia and MENA region. Qatar Holding L.L.C is the ultimate Parent Company of the Group.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements of the Group for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 10 March 2015.

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale investments are measured at fair value;
- Derivative financial instruments are measured at fair value; and
- Liabilities for cash-settled share-based payment arrangements are measured at fair value through profit or loss;

The methods used to measure fair values are discussed further in note 35.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional currency. All the financial information presented in these consolidated financial statement has been rounded off to the nearest thousand (QR'000) except where otherwise indicated.

d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in note 37.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of Ooredoo Q.S.C and its subsidiaries (together referred to as the "Group"). The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements, and have been applied consistently by the Group entities, where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

Certain comparative amounts in the consolidated financial statements have been reclassified to conform with the current year's presentation (see note 42). In addition, the comparative consolidated statement of profit or loss and statement of cash flow has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see note 41).

3.1 BASIS OF CONSOLIDATION

a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

b) Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

d) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

e) Interests in associates and joint venture

Associates are those entities in which the Group has significant influence, but not control or joint control. A joint venture is a joint arrangement whereby the Group has joint control of the arrangement and has corresponding rights to the net assets of the arrangement.

Interests in associates and joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates and joint ventures less any impairment in the value of individual investments. Losses of the associates and joint ventures in excess of the Group's interest are not recognised unless the Group has incurred legal or constructive obligations. The carrying values of investments in associates and joint ventures are reviewed on a regular basis and if an impairment in the value has occurred, it is written off in the period in which those circumstances are identified.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.1 BASIS OF CONSOLIDATION CONTINUED

e) Interests in associates and joint venture continued

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associates and joint venture at the date of acquisition is recognised as goodwill and included as part of the cost of investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associates and joint venture at the date of acquisition is credited to the consolidated statement of profit or loss in the year of acquisition.

The Group's share of associates' and joint ventures' results is based on the most recent financial statements or interim financial statements drawn up to the Group's reporting date.

Profits and losses resulting from upstream and downstream transactions between the Group (including its consolidated subsidiaries) and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated group's interests in the associates or joint ventures.

f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The principal subsidiaries of the Group, incorporated in the consolidated financial statements of Ooredoo Q.S.C. are as follows:

		Group effective shareholding percentage	
Name of subsidiary	Country of incorporation	2014	2013
Qtel Investment Holdings S.P.C	Bahrain	100%	100%
Qtel International Investments L.L.C.	Qatar	100%	100%
Ooredoo Group L.L.C.	Qatar	100%	100%
Qtel South East Asia Holding S.P.C	Bahrain	100%	100%
Qtel West Bay Holding S.P.C	Bahrain	100%	100%
Ooredoo Asian Investments Pte. Ltd.	Singapore	100%	100%
Qtel Al Dafna Holding S.P.C	Bahrain	100%	100%
Qtel Al Khore Holding S.P.C	Bahrain	100%	100%
IP Holdings Limited	Cayman Islands	100%	100%
Ooredoo Myanmar Tower Holding Co. (formerly known as "Qtel Gharafa Holdings Limited")	Cayman Islands	100%	100%
wi-tribe Asia Limited	Cayman Islands	100%	100%
Ooredoo Asia Pte. Ltd.	Singapore	100%	100%
Indonesia Communications Limited	Mauritius	100%	100%
Ooredoo International Finance Limited (formerly known as "QTEL International Finance Limited")	Bermuda	100%	100%
Qtel MENA Investcom S.P.C	Bahrain	100%	100%
Omani Qatari Telecommunications Company S.A.O.G. ("Ooredoo Oman")	Sultanate of Oman	55.0%	55.0%
Starlink W.L.L.	Qatar	72.5%	72.5%
National Mobile Telecommunications Company K.S.C. ("Ooredoo Kuwait")	Kuwait	92.1%	92.1%

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.1 BASIS OF CONSOLIDATION CONTINUED

		Group effective shareholding percentage	
Name of subsidiary	Country of incorporation	2014	2013
Wataniya International FZ – L.L.C.	United Arab Emirates	92.1%	92.1%
Al-Bahar United Company W.L.L. ("Fono")	Kuwait	92.1%	92.1%
Al Wataniya Gulf Telecommunications Holding Company S.P.C	Bahrain	92.1%	92.1%
Al-Wataniya International for Intellectual Properties S.P.C	Bahrain	92.1%	92.1%
Ooredoo Maldives Pvt. Ltd.	Maldives	92.1%	92.1%
WARF Telecom International Private Limited	Maldives	59.9%	59.9%
Wataniya Telecom Algerie S.P.A.	Algeria	74.4%	74.4%
Carthage Consortium Ltd.	Malta	92.1%	92.1%
Qtel Tunisia Holding Company Ltd.	Malta	92.1%	92.1%
Qtel Malta Holding Company Ltd.	Malta	100.0%	100.0%
Ooredoo Tunisie S.A. (formerly known as "Tunisiana S.A")	Tunisia	84.1%	84.1%
Tunisia Network S.A	Tunisia	84.1%	84.1%
Public Telecommunication Company Ltd.	Saudi Arabia	–	92.1%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company (i)	Palestine	44.6%	44.6%
Raywood Inc. ("Raywood")	Cayman Islands	100.0%	100.0%
Newood Inc.	Cayman Islands	100.0%	100.0%
Midya Telecom Company Limited ("Fanoos") (ii)	Iraq	49.0%	49.0%
Al-Rowad General Services Limited	Iraq	100.0%	100.0%
Asiacell Communications PJSC	Iraq	64.1%	64.1%
wi-tribe Limited	Cayman Islands	86.1%	86.1%
wi-tribe Pakistan Limited	Pakistan	86.1%	86.1%
Barzan Holding Company S.P.C.	Bahrain	100%	100%
Laffan Holding Company S.P.C.	Bahrain	100%	100%
Zekreet Holding Company S.P.C.	Bahrain	100%	100%
Ideabox Investment Pte. Ltd. (formerly known as "Philippines Multitech Pte. Ltd.")	Singapore	100%	100%
Ideabox Holding Pte. Ltd. (formerly known as "Bow Arken Pte. Ltd.")	Singapore	100%	100%
Ooredoo Myanmar Limited	Myanmar	100%	100%
Al Wokaer Holding S.P.C.	Bahrain	100%	100%
Al Wakrah Holding S.P.C.	Bahrain	100%	100%
Ooredoo Tamweel Limited	Cayman Islands	100%	100%
Ooredoo IP L.L.C	Qatar	100%	100%
Ooredoo Global Services FZ-L.L.C	UAE	100%	–
Seyoula International Investments S.P.C	Qatar	100%	–

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.1 BASIS OF CONSOLIDATION CONTINUED

Name of subsidiary	Country of incorporation	Group effective shareholding percentage	
		2014	2013
PT. Indosat Tbk ("Indosat")	Indonesia	65.0%	65.0%
Indosat Singapore Pte. Ltd.	Singapore	65.0%	65.0%
PT Indosat Mega Media	Indonesia	64.9%	64.9%
PT Starone Mitra Telekomunikasi	Indonesia	54.7%	54.7%
PT Aplikanusa Lintasarta ("Lintasarta") (iii)	Indonesia	47.0%	47.0%
PT Artajasa Pembayaran Elektronis ("APE") (iii)	Indonesia	25.9%	25.9%
Indosat Palapa Company B.V.	Netherlands	65.0%	65.0%
Indosat Mentari Company B.V.	Netherlands	65.0%	65.0%
PT Lintas Media Danawa ("LMD") (iii)	Indonesia	32.9%	32.9%
PT Interactive Vision Media	Indonesia	64.9%	64.9%

i) The Group has the power, indirectly through National Mobile Telecommunications Company K.S.C. ("NMTC") by virtue of NMTC having more than 51% of the voting interests in Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("WPT"), which exposes the Group to variable return from its investment and gives ability to affect those returns through its power over WPT, hence, WPT has been considered as a subsidiary of the Group.

ii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 100% (2013: 100%) voting interest held by the Group to carry out investment activities in Iraq. Raywood acquired 49% voting interest of Midya Telecom Company Limited ("MTCL") in Iraq. The group is exposed to variable return from its investment and gives ability to affect those returns through its power over MTCL, Iraq by virtue of the shareholders' agreement entered into between Raywood and MTCL, Iraq, hence, MTCL, Iraq has been considered as a subsidiary of the Group.

iii) The Group has the power, indirectly through PT Indosat Tbk ("Indosat ") by virtue of Indosat having more than 51% of the voting interest or control in these companies, to which exposes the Group to variable return from its investment and gives ability to affect those returns through its power over them, hence, these companies have been considered as subsidiaries of the Group.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IAS, IFRS and IFRIC interpretations effective as of 1 January 2014. The following standards, amendments and interpretations, which became effective 1 January 2014, are relevant to the Group:

Standard/Interpretation	Content
IFRS 10, IFRS 12 and IAS 27(amendments)	Investment Entities
IAS 32 (amendments)	Offsetting Financial Assets and Financial Liabilities
IAS 36 (amendments)	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

a) IFRS 10, IFRS 12 and IAS 27 (amendments) – "Investment Entities"

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The adoption of these amendments had no significant impact on the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES CONTINUED

b) IAS 32 – Offsetting Financial Assets and Financial Liabilities (amendments)

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively.

The adoption of these amendments had no significant impact on the consolidated financial statements.

c) IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (amendments)

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The adoption of these amendments had no significant impact on the consolidated financial statements.

d) IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (amendments)

IFRS 7 introduces disclosures about the impact of netting arrangements on an entity's financial position. Based on the new disclosure requirements the Group will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

The adoption of this amendments had no significant impact on the consolidated financial statements.

e) IFRIC 21 – Levies

IFRIC 21 on Levies (amendments to IAS 32) provide guidance on the accounting for levies in the financial statements of the entity that is paying the levy. The Group is not expecting a significant impact from the adoption of these amendments.

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

The following standards and interpretations have been issued and are expected to be relevant to the Group in future periods, with effective dates on or after 1 January 2015:

Standard/Interpretation	Content	Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants	1 January 2016
IAS 19 (amendments)	Defined Benefit Plans: Employee Contributions	Not specified
IFRSs 2010-2012 cycle and 2011-2013 cycle	Annual improvements	1 July 2014

New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those, which are relevant to the Group, are set out below. The Group does not plan to early adopt these standards.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE CONTINUED

a) IFRS 9 – Financial Instruments

IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

b) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

c) IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (amendments)

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. The amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Group does not expect to have a significant impact from the adoption of these amendments.

d) IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (amendments)

The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.The above amendments does not have any material impact on the consolidated financial statements of the Group.

e) IAS 16 and IAS 41 – Agriculture: Bearer Plants (amendments)

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The Group does not expect to have a significant impact from the adoption of these amendments.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE CONTINUED

f) IAS 19 – Defined Benefit Plans: Employee Contributions (amendments)

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

The above amendments does not have any material impact on the consolidated financial statements of the Group.

g) IFRSs 2010-2012 cycle and 2011-2013 cycle – Annual improvements

The annual improvements to IFRSs 2010-2012 and 2011-2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The amendments are not expected to have any material impact on the consolidated financial statements of the Group.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue represents the fair value of consideration received or receivable for communication services and equipment sales net of discounts and sales taxes. Revenue from rendering of services and sale of equipment is recognised when it is probable that the economic benefits associated with the transaction shall flow to the Group and the amount of revenue and the associated costs can be measured reliably.

The Group principally obtains revenue from providing telecommunication services comprising access charges, airtime usage, messaging, interconnect fee, data services and infrastructure provision, connection fees, equipment sales and other related services.The specific revenue recognition criteria applied to significant elements of revenue are set out below:

Revenue from rendering of services

Revenue for 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.

Interconnection revenue

Revenues from network interconnection with other domestic and international telecommunications carriers are recognised based on the actual recorded traffic minutes.

Sales of prepaid cards

Sale of prepaid cards is recognised as revenue based on the actual utilisation of the prepaid cards sold. Sales relating to unutilised prepaid cards are accounted as deferred income. Deferred income related to unused prepaid cards is recognised as revenue when utilised by the customer or upon termination of the customer relationship.

Multiple element deliverables

In revenue arrangements including more than one deliverable that have value to a customer on standalone basis, the arrangement consideration is allocated to each deliverable based on the consideration received from the individual elements. The cost of elements are immediately recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Revenue continued

Third party projects

Network infrastructure projects undertaken on behalf of third parties is measured at costs incurred plus profits recognized to date less progress billings and recognized losses.

In the statement of financial position, projects in progress for which costs incurred plus recognized profits exceed progress billings and recognized losses are presented as trade and other receivables. Advances received from customers are presented as deferred income/revenue.

Sales of equipment

Revenue from sales of peripheral and other equipment is recognised when the significant risks and rewards of ownership are transferred to the buyer which is normally when the equipment is delivered and 'accepted by the customer.

Investment property rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Rental income from other property is recognised as other income. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Loyalty program

The group has a customer loyalty programme whereby customers are awarded credits ("Points") based on the usage of products and services, entitling customers to the right to redeem the accumulated points via specified means. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of sale. The amount allocated to Points is estimated by reference to the fair value of the right to redeem it at a discount for the products of the Group or for products or services provided by third parties. The fair value of the right to redeem is estimated based on the amount of discount, adjusted to take into account the expected forfeiture rate. The amount allocated to Points is deferred and included in deferred revenue. Revenue is recognised when these Points are redeemed and the Group has fulfilled its obligations to the customer. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to revenue when it is no longer considered probable that the Points will be redeemed.

License and spectrum fees

Amortisation periods for license and spectrum fees are determined primarily by reference to the unexpired license period, the conditions for license renewal and whether licenses are dependent on specific technologies.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives from the commencement of service of the network.

The Group is dependent on the licenses that each operating company holds to provide their telecommunications services.

Leases

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

The Group as lessor

The amounts due from lessees under finance leases are recorded as receivables at the amount of Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of leases.

Revenues from the sale of transmission capacity on terrestrial and submarine cables are recognized on a straight-line basis over the life of the contract. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leases continued

The Group as lessee

Rentals payable under operating leases are charged to the consolidated statement of profit or loss on a straight – line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Sale and leaseback transactions – where the Group is the lessee

A sale and leaseback transaction involves the sale of an asset by the Group and the leasing of the same asset back to the Group. The lease payments and the sale price are usually interdependent as they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved and the economic and commercial substance of the whole arrangement.

a) Finance leases

Sale and leaseback arrangements that result in the Group retaining the majority of the risks and rewards of ownership of assets are accounted for as finance leases. Any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term.

b) Operating leases

Sale and leaseback arrangements that result in substantially all of the risks and rewards of ownership of assets being transferred to the lessor are accounted for as operating leases. Any excess of sales proceeds over the carrying amount is recognised in the statement of profit or loss as gain on disposal.

Other income

Other income represents income generated by the Group that arises from activities outside of the provision for communication services and equipment sales. Key components of other income are recognised as follows:

Dividend income

Dividend income is recognised when the Group's right to receive the dividend is established.

Commission income

When the Group acts in the capacity of an agent rather than as the principal in the transaction, the revenue recognised is the net amount of commission made by the Group.

Taxation

Some of the subsidiaries and the joint venture are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the financial reporting year and any adjustment to tax payable in respect of previous years.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the financial reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Taxation continued

Deferred income tax continued

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unutlised tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each end of the financial reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each end of the financial reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the financial reporting year.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgments regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss or other comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Finance income and finance cost

Finance income comprises interest income on funds invested, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquire in a business combination, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, fair value losses on financial assets at fair value through profit or loss, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets include the following:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Transfer to investment property

When the use of property changes from owner-occupied to investment property, the property is reclassified accordingly at the carrying amount on the date of transfer in accordance with cost model specified under IAS 40.

Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property, plant and equipment continued

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of these assets commences from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. The estimated useful lives of the property, plant and equipment are as follows:

Land lease rights under finance lease	50 years
Buildings	5 – 40 years
Exchange and networks assets	5 – 25 years
Subscriber apparatus and other equipment	1 – 8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is derecognised. The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Government grants

Government grants relating to non-monetary assets are recognised at nominal value. Grants that compensate the Group for expenses are recognised in the consolidated statement of profit or loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated statement of profit or loss on a systematic basis over the expected useful life of the related asset upon capitalisation.

Intangible assets and goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each financial year. 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 treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the nature of the intangible asset.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Intangible assets and goodwill continued

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognized in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Indefeasible rights of use ("IRU")

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 15 years.

The useful lives of intangible assets are assessed to be either finite or indefinite.

A summary of the useful lives and amortisation methods of Group's intangible assets other than goodwill are as follows:

	License costs	Customer contracts and related customer relationship	Brand/ Trade names	Concession intangible assets	IRU, software and other intangibles
Useful lives	Finite (10 – 50 years)	Finite (2 – 8 years)	Finite (6 –25 years)	Finite (15 years)	Finite (3 –15 years)
Amortisation method used	Amortised on a straight line basis over the periods of availability	Amortised on a straight line basis over the periods of availability.	Amortised on a straight line basis over the periods of availability	Amortised on a straight line basis over the periods of availability	Amortised on a straight line basis over the periods of availability
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired	Acquired

Investment property

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment properties are depreciated on straight line basis using estimated useful life of 20 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments

i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale investments.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise bank balances and cash and trade receivables and prepayments.

Bank balances and cash

Bank balances and cash comprise cash on hand, call deposits and demand 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 changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, call deposits and demand deposits with original maturity of less than three months.

Trade and other receivable

Trade receivables and prepayments that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment.

Appropriate allowances for estimated irrecoverable amounts are recognized in the consolidated statement of profit or loss where there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial instruments continued

i) Non-derivative financial assets continued

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale investments are recognised initially at fair value plus directly attributable transaction costs. After initial recognition, available for sale investments are subsequently remeasured at fair value, with any resultant gain or loss directly recognised as a separate component of equity as fair value reserve under other comprehensive income until the investment is sold, collected, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of profit or loss for the year. Interest earned on the investments is reported as interest income using the effective interest rate. Dividend earned on investments are recognised in the consolidated statement of profit or loss as "Dividend income" when the right to receive dividend has been established. All regular way purchases and sales of investment are recognised on the trade date when the Group becomes or cease to be a party to contractual provisions of the instrument.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the financial reporting year. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. For investment in funds, fair value is determined by reference to net asset values provided by the fund administrators.

Due to the uncertain nature of cash flows arising from certain unquoted equity investments of the Group, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost, less any impairment losses.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is transferred from equity to the consolidated statement of profit or loss. Impairment losses on equity instruments recognised in the consolidated statement of profit or loss are not subsequently reversed. Reversals of impairment losses on debt instruments are reversed through the consolidated statement of profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss.

When the investment is disposed off, the cumulative gain or loss previously recorded in equity is recognised in the consolidated statement of profit or loss.

Derecognition of financial assets

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

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

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

i) Non-derivative financial assets continued

Impairment and uncollectibility of financial assets

An assessment is made at each end of the reporting period to determine whether there is objective evidence that a specific financial asset may be impaired. If any such evidence exists, impairment loss is recognised in the consolidated statement of profit or loss. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss;

b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Non derivative financial liabilities include loans and borrowings and trade payables and accruals.

Loans and borrowings

Loans and borrowings are recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability.

Gains or losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred except those qualify for capitalisation.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for services received or when the risks and rewards associated with goods are transferred to the Group, whether billed by the supplier or not.

Derecognition of financial liabilities

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

iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. The bonus shares and rights issued during the year are shown as an addition to the share capital. Issue of bonus shares are deducted from the accumulated retained earnings of the Group. Any share premium on rights issue are accounted in compliance with local statutory requirements.

Dividend on ordinary share capital

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

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

iv) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in described below for those derivative instruments designated for hedging cash flows, while changes in the fair value of derivative instruments not designated for cash flow hedges are charged directly to profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting change in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods of which they were designated.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the consolidated statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in consolidated statement of profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised as other comprehensive income and is taken directly to equity, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss.

The Group uses interest rate swap contracts to hedge its risk associated primarily with interest rate fluctuations relating to the interest charged on its loans and borrowings. These are included in the consolidated statement of financial position at fair value and any resultant gain or loss on interest rate swaps contracts that qualify for hedge accounting is recognised as other comprehensive income and subsequently recognised in the consolidated statement of profit or loss when the hedged transaction affects profit or loss.

The Group uses cross currency swap contracts and forward currency contracts to hedge its risks associated with foreign exchange rate fluctuations. Further, the Group also have an interest rate swap which is not designated as a hedge. These cross currency swaps, forward currency contracts and the interest rate swaps which is not designated as hedge are included in the consolidated statement of financial position at fair value and any subsequent resultant gain or loss in the fair value is recognised in the consolidated statement of profit or loss.

The fair value of cross currency swaps and forward currency contracts is calculated by reference to respective instrument current exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is calculated by reference to the market valuation of the swap contracts.

Embedded derivative is presented with the host contract on the consolidated statement of financial position which represents an appropriate presentation of overall future cash flows for the instrument taken as a whole.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

v) Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

vi) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined with reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 35.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured as a best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Employee benefits

End of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the 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.

Pensions and other post employment benefits

Pension costs under the Group's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate, expected return on plan assets and annual rate of increase in compensation.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

With respect to the Qatari nationals, the Company makes contributions to Qatar Retirement and Pension Authority as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions. The Company's share of contributions to these schemes, which are defined contribution schemes under International Accounting Standard (IAS) – 19 Employee Benefits are charged to the consolidated statement of profit or loss.

Cash settled share-based payment transactions

The Group provides long term incentives in the form of shadow shares ("the benefit") to its employees. The entitlement to these benefits is based on individual performance and overall performance of the Group, subject to fulfilling certain conditions ("vesting conditions") under documented plan and is payable upon end of the vesting period ("the exercise date"). The benefit is linked to the share price of the Group, and the Group proportionately recognise the liability against these benefits over the vesting period through the consolidated statement of profit or loss, until the employees become unconditionally entitled to the benefit.

The fair value of the liability is reassessed on each reporting date and any changes in the fair value of the benefit are recognized through the consolidated statement of profit or loss.

Once the benefit is settled in cash at the exercise date, the liability is derecognised. The amount of cash settlement is determined based on the share price of the Group at the exercise date. On breach of the vesting conditions, the liability is derecognised through the consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Foreign currency

Foreign currency transactions

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the financial reporting year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments which are recognised in other comprehensive income.

Translation of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Qatari riyals at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Qatari Riyals at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to consolidated statement of profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Segment reporting

Segment results that are reported to the Group's Chief Operating Decision Maker ("CODM") include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date.

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS

4.1 ACQUISITION OF NON-CONTROLLING INTERESTS IN 2013

Acquisition of non-controlling interest of Asiacell Communication PJSC ("Asiacell")

In February 2013, on conclusion of an Initial Public Offer (IPO) made by one of the Group subsidiaries Asiacell, the Group acquired an additional stake of 10.16%. With this, the Group's effective interest in Asiacell has increased from 53.90% to 64.06%.

As a result of this change in ownership interest, the Group recognised a decrease in non-controlling interest amounting to QR 592,669 thousands and a decrease in retained earnings amounting to QR 1,590,459 thousands.

The consideration paid and effects of change in ownership interest were as follows:

	QR'000
Consideration paid for additional 10.16% interest	2,183,128
Less: share of net assets acquired	(592,669)
Consideration paid in excess of additional interest in carrying value of net assets	1,590,459

5 REVENUE

	2014 QR'000	2013 QR'000
Revenue from rendering of telecommunication services	31,947,438	32,941,756
Sale of telecommunications equipment	1,005,439	675,203
Revenue from use of assets by others	254,332	234,381
	33,207,209	33,851,340

6 OPERATING EXPENSES

	2014 QR'000	2013 QR'000
Outpayments and interconnect charges	3,360,152	3,660,046
Regulatory and related fees	2,442,612	2,429,761
Rentals and utilities – network	1,568,247	1,274,566
Network operation and maintenance	1,775,186	1,805,328
Cost of equipment sold and other services	2,891,943	1,907,117
Provision for obsolete and slow moving inventories	4,879	7,571
	12,043,019	11,084,389

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2014 QR'000	2013 QR'000
Employee salaries and associated costs	3,719,530	3,575,764
Marketing costs and sponsorship	1,541,428	1,288,219
Legal and professional fees	363,825	432,771
Commission on cards	1,174,715	1,216,627
Allowance for impairment of trade receivables	181,451	209,589
Rental and utilities	369,940	458,626
Repairs and maintenance	78,070	91,744
Other expenses	876,449	951,743
	8,305,408	8,225,083

8 DEPRECIATION AND AMORTISATION

	2014 QR'000	2013 QR'000
Depreciation of property, plant and equipment and investment property	6,033,066	6,095,116
Amortisation of intangible assets	1,593,243	1,567,733
	7,626,309	7,662,849

9 NET FINANCE COSTS

	2014 QR'000	2013 QR'000
Finance cost		
Interest expenses	1,992,659	2,092,748
Profit element of islamic financing obligation	179,265	69,678
Amortisation of deferred financing costs (note 26)	99,069	122,787
Other finance charges	5,252	18,577
	2,276,245	2,303,790
Finance income		
Interest income	(244,401)	(282,908)
Net finance costs	2,031,844	2,020,882

10 OTHER INCOME/(EXPENSE) – NET

	2014 QR'000	2013 QR'000
Foreign currency losses – net	(235,812)	(1,015,340)
Gain on disposal of available-for-sale investments (i)	703,182	84,065
Gain on disposal of property, plant and equipment	18,641	64,527
Dividend income	60,567	43,851
Rental income	28,215	21,034
Change in fair value of derivatives – net	(36,401)	90,430
Miscellaneous (expense)/income – net (ii)	(328,864)	26,685
	209,528	(684,748)

i) During the year, one of the Group's subsidiaries, PT. Indosat Tbk, sold its investment in shares of Tower Bersama at a consideration of Rp 5,800 per share for 239.83 shares resulting in a profit of QR 131,800 thousands.

ii) Included within Miscellaneous (expense)/income – net is an amount of QR 397,709 thousands on account of litigation relating to cooperation agreement between Indosat and IM2 to provide 3G based broadband internet services using spectrum license to Indosat (Note 33(a)).

11 ROYALTIES AND FEES

	Note	2014 QR'000	2013 QR'000
Royalty	(i)	174,960	130,763
Industry fees	(ii)	191,337	167,327
Other statutory fees	(iii)	26,537	36,384
		392,834	334,474

i) Royalty is payable to the Government of the Sultanate of Oman based on 7% of the net of predefined sources of revenue and operating expenses.

ii) The Group provides for a 12.5% industry fee on profits generated from the Group's operations in Qatar.

iii) Contributions by National Mobile Telecommunications Company K.S.C to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat are included under other statutory fees.

12 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the parent by the weighted average number of shares outstanding during the year.

There were no potentially dilutive shares outstanding at any time during the year and therefore, the diluted earnings per share is equal to the basic earnings per share.

	2014	2013
Profit for the year attributable to shareholders of the parent (QR'000)	2,134,334	2,578,657
Weighted average number of shares (in '000)	320,320	320,320
Basic and diluted earnings per share (QR)	6.66	8.05

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings QR'000	Exchange and networks assets QR'000	Subscriber apparatus and other equipment QR'000	Capital work in progress QR'000	Total QR'000
Cost					
At 1 January 2013	7,427,731	46,669,440	4,886,108	4,003,317	62,986,596
Additions	246,875	2,218,891	276,326	6,555,841	9,297,933
Transfers	439,667	3,132,486	358,759	(3,930,912)	–
Disposals	(40,979)	(1,721,469)	(62,627)	(3,001)	(1,828,076)
Reclassification	1,394	572,831	13,848	(573,921)	14,152
Discontinued operation	(5,603)	–	(29,036)	–	(34,639)
Exchange adjustment	(1,202,014)	(5,245,010)	(399,435)	(246,362)	(7,092,821)
At 31 December 2013	6,867,071	45,627,169	5,043,943	5,804,962	63,343,145
Additions	226,902	2,765,486	514,369	4,884,251	8,391,008
Transfers	1,057,630	5,774,163	496,764	(7,328,557)	–
Disposals	(26,539)	(425,559)	(164,063)	(144)	(616,305)
Reclassification	–	–	–	(25,231)	(25,231)
Exchange adjustment	(136,469)	(1,315,410)	(118,002)	(251,604)	(1,821,485)
At 31 December 2014	7,988,595	52,425,849	5,773,011	3,083,677	69,271,132
Accumulated depreciation and impairment losses					
At 1 January 2013	2,923,632	23,926,687	3,700,163	–	30,550,482
Provided during the year	533,411	5,034,342	524,925	–	6,092,678
Disposals	(39,810)	(1,280,416)	(55,167)	–	(1,375,393)
Reclassification	(12)	12	–	–	–
Discontinued operation	(5,049)	–	(24,632)	–	(29,681)
Exchange adjustment	(544,110)	(3,320,195)	(346,468)	–	(4,210,773)
At 31 December 2013	2,868,062	24,360,430	3,798,821	–	31,027,313
Provided during the year	512,764	4,960,512	554,539	–	6,027,815
Impairment during the year	–	23,307	–	–	23,307
Disposals	(18,523)	(367,663)	(93,262)	–	(479,448)
Reclassification	(10)	(9,162)	9,284	–	112
Exchange adjustment	(83,372)	(837,170)	(98,014)	–	(1,018,556)
At 31 December 2014	3,278,921	28,130,254	4,171,368	–	35,580,543
Carrying value					
At 31 December 2014	4,709,674	24,295,595	1,601,643	3,083,677	33,690,589
At 31 December 2013	3,999,009	21,266,739	1,245,122	5,804,962	32,315,832

i) Exchange and network assets include finance lease assets recognized on account of sale and lease back transaction of one of the Group's subsidiaries Indosat.

ii) Uncertainty in Iraq

One of the Group's subsidiaries Asiacell operates in Iraq. Due to the current security situation in certain parts of Iraq, Asiacell may be unable to exercise control over some of its property and equipment in certain locations, with a net book value of QR 487,961 thousands as of 31 December 2014. Based on an assessment performed by Asiacell, an insignificant amount of damage has occurred which has been provided for.

iii) During the year, the Company entered into an agreement to acquire land under master development plan for which an amount of QR 378,619 thousands is paid to master developer. The company is a beneficial owner of the land and the legal ownership is expected to be transferred in foreseeable future.

14 INTANGIBLE ASSETS AND GOODWILL

	Goodwill QR'000	License costs QR'000	Customer contracts and related customer relationship QR'000	Brand/ Trade names QR'000	Concessions intangible assets QR'000	IRU, software and other intangibles QR'000	Total QR'000
Cost							
At 1 January 2013	12,729,200	24,858,599	916,226	3,499,255	792,592	2,280,301	45,076,173
Additions	–	242,225	–	–	4,932	246,574	493,731
Disposals	–	–	–	–	(1,019)	–	(1,019)
Reclassification	–	–	–	–	–	(14,152)	(14,152)
Discontinued operation	–	–	–	–	(796,505)	(49,465)	(845,970)
Exchange adjustment	(1,235,697)	(606,311)	(160,219)	(503,758)	–	(56,384)	(2,562,369)
At 31 December 2013	11,493,503	24,494,513	756,007	2,995,497	–	2,406,874	42,146,394
Additions	–	4,795,888	–	–	–	228,276	5,024,164
Disposals	–	–	–	–	–	(2,229)	(2,229)
Reclassification	–	–	–	–	–	25,231	25,231
Exchange adjustment	(638,014)	(996,056)	(28,678)	(118,525)	–	(82,388)	(1,863,661)
At 31 December 2014	10,855,489	28,294,345	727,329	2,876,972	–	2,575,764	45,329,899
Accumulated amortisation and impairment losses							
At 1 January 2013	396,579	6,003,815	837,691	1,209,019	634,259	1,248,639	10,330,002
Amortisation during the year	–	1,098,598	55,133	167,581	80,141	250,559	1,652,012
Impairment during the year	1,707	–	–	–	–	–	1,707
Disposals	–	–	–	–	(670)	(39)	(709)
Discontinued operation	–	–	–	–	(713,068)	(29,620)	(742,688)
Exchange adjustment	(73,001)	(176,401)	(157,234)	(109,056)	(662)	(51,345)	(567,699)
At 31 December 2013	325,285	6,926,012	735,590	1,267,544	–	1,418,194	10,672,625
Amortisation during the year	–	1,189,497	17,961	125,714	–	260,071	1,593,243
Impairment during the year	–	–	–	–	–	1,310	1,310
Disposals	–	–	–	–	–	(2,176)	(2,176)
Reclassification	–	–	–	–	–	(112)	(112)
Exchange adjustment	(5,488)	(280,704)	(28,923)	(83,223)	–	(60,861)	(459,199)
At 31 December 2014	319,797	7,834,805	724,628	1,310,035	–	1,616,426	11,805,691
Carrying value							
At 31 December 2014	10,535,692	20,459,540	2,701	1,566,937	–	959,338	33,524,208
At 31 December 2013	11,168,218	17,568,501	20,417	1,727,953	–	988,680	31,473,769

14 INTANGIBLE ASSETS AND GOODWILL CONTINUED

i) One of the subsidiaries of the Group, Ooredoo Myanmar Limited (OML) was awarded a 15 year nationwide telecommunication license and associated spectrum license by Myanmar Post and Telecommunications Department, Ministry of Information and Technology with an effective date of 5 February 2014. Additions to the intangible assets include the full cost of license fees.

ii) Impairment of assets

	2014 QR'000	2013 QR'000
Impairment of available-for-sale investments (note 17)	1,346	3,228
Impairment of assets	24,617	38,410
	25,963	41,638

iii) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to individual cash generating units (CGUs) for impairment testing as follows:

Cash generating units	2014 Carrying value QR'000	2013 Carrying value QR'000
Ooredoo, Kuwait	583,589	606,122
Wataniya, Algeria	2,197,483	2,282,330
Ooredoo Tunisie	3,721,008	4,169,216
Indosat, Indonesia	3,522,496	3,597,895
Asiacell, Iraq	353,408	353,408
Others	157,708	159,247
	10,535,692	11,168,218

Goodwill was tested for impairment as at 31 December 2014. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by the management covering a period of ten years.

Key Assumptions used in value in use calculations

Key Assumptions

The principal assumptions used in the projections relate to the number of subscribers, in roaming revenue, average revenues per user, operating costs, capital expenditure, taxes and EBITDA. The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Discount rates

Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital for each CGU. In determining the appropriate discount rates for each unit, the yield on a ten-year US Treasury bond and specific risk factors for each country has been taken into consideration.

Terminal value growth rate estimates

For the periods beyond that covered by the projections, long-term growth rates are based on management's best estimates of the growth rates relevant to telecommunications industry in the particular country.

Budgeted EBITDA growth rate

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past years and the estimated subscribers and price growth for the forecasted period.

14 INTANGIBLE ASSETS AND GOODWILL CONTINUED

iii) Impairment testing of goodwill continued

Key Assumptions used in value in use calculations continued

Budgeted Capex

The cash flow forecasts for budgeted capital expenditure are based on past experience and include the ongoing capital expenditure required to continue rolling out networks in emerging markets, providing enhanced voice and data products and services, and meeting the population coverage requirements of certain licenses of the Group. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and other intangible assets

	(Expressed in percentage)			
	Discount rate		Terminal value growth rate	
Cash generating units	2014	2013	2014	2013
Ooredoo, Kuwait	9.0%	9.4%	2.75%	2.75%
Wataniya, Algeria	10.5%	10.5%	2.75%	2.75%
Ooredoo Tunisie	11.1%	11.0%	2.75%	2.75%
Indosat, Indonesia	11.6%	11.8%	2.75%	2.75%
Asiacell, Iraq	16.4%	16.2%	2.75%	2.75%

Management considers that changes to the discount rate could cause the carrying value of the following CGUs to exceed their recoverable amount. If the discount rate is increased by the percentages as mentioned below, the recoverable amount equals the carrying value:

	2014	2013
Ooredoo, Kuwait	0.9%	1.5%
Wataniya, Algeria	9.3%	7.3%
Ooredoo Tunisie	0.1%	1.4%
Indosat, Indonesia	2.3%	2.2%
Asiacell, Iraq	14.2%	44.2%

iv) The following table demonstrates the sensitivity of the recoverable amount to reasonable possible changes in discount rates by 50 basis points, with all other variables held constant

	2014 QR'000 +0.5%	2014 QR'000 –0.5%
Ooredoo Tunisie	(354,439)	400,000
Ooredoo, Kuwait	(1,034,285)	1,216,759

In case of Ooredoo Tunisie and Ooredoo, Kuwait ("the CGUs"), the revenue and margins have declined in recent years compared to past levels leading to a recoverable amount being more sensitive to an impairment loss. The CGUs are facing competition challenges and instability in economic and political environment of the countries. With direction of the board of directors, the management has developed a revised operational and business strategies in these CGUs, coupled with changes in the top level management which has been reflected in the assumptions used in computation of the recoverable amounts and strongly believe that the estimated recoverable amount will improve in the future due to the revised efforts, and the sensitivities towards impairment loss could be lowered.

15 INVESTMENT PROPERTY

	2014 QR'000	2013 QR'000
Cost		
At 1 January	105,018	105,018
At 31 December	105,018	105,018
Accumulated depreciation		
At 1 January	44,655	38,559
Provided during the year	5,251	6,096
At 31 December	49,906	44,655
Carrying value		
At 31 December	55,112	60,363

Investment property comprises of the portion of the Group's head quarter building rented to an external party. As per valuation performed by external valuers, the fair value of Investment property is QR 63,000 thousands (2013: QR 63,000 thousands) which approximates the carrying amount as at 31 December 2014.

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

The Group has the following investment in associates and joint venture

Associate/Joint Venture companies	Principal activity	Country of incorporation	Effective ownership 2014	Effective ownership 2013
Navlink, Inc.,	Managed Service Provider delivering technology solutions in the enterprise data market	United States of America	38%	38%
Asia Mobile Holdings Pte Ltd ("AMH")	Holding company	Singapore	25%	25%
PT Multi Media Asia Indonesia	Satellite based telecommunication services	Indonesia	17%	17%
Liberty Telecoms Holdings Inc. ("LTHI")	Telecommunication services	Philippines	40%	40%
MEEZA QSTP LLC	Information technology services	Qatar	20%	20%
PT Citra Bakti, Indonesia	Product certification and testing	Indonesia	9%	9%
Titan Bull Holdings Limited	Holding Company	Cayman Islands	20%	–
Asia Internet Holding S.a r.l.,	Holding Company	Luxembourg	50%	–

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURE CONTINUED

The following table is the summarised financial information of the Group's investments in the associates and joint venture:

	2014 QR'000	2013 QR'000
Group's share of associates' and joint venture's statement of financial position:		
Current assets	**1,131,532**	868,974
Non-current assets	**2,876,017**	2,386,069
Current liabilities	**(1,032,442)**	(925,498)
Non-current liabilities	**(1,730,186)**	(1,868,586)
Net assets	**1,244,921**	460,959
Goodwill	**1,359,446**	1,291,213
Carrying amount of the investment	**2,604,367**	1,752,172
Group's share of associates' and joint ventures' revenues and results:		
Revenues	**1,865,805**	1,813,684
Results – net of tax	**89,098**	97,869

During the year management has performed impairment test and based on the currently available information, there is no evidence of impairment in the value of investment in associates and joint venture.

In third quarter of 2014, the Group invested a sum of QR 232,593 thousands in Asia Internet Holding (AIH), a joint venture with Rocket Internet to fund new ventures in the e commerce sector. The Group is also committed to invest further QR 604,431 thousands in the future and the same is considered as contingent consideration and recorded as part of investment costs. The share of net assets from the joint venture after this investment have been included in the consolidated financial statements. Included within the carrying amount is goodwill amounting to QR 130,872 thousands.

17 AVAILABLE-FOR-SALE INVESTMENTS

	2014 QR'000	2013 QR'000
Quoted equity investments	**13,278**	988,248
Unquoted equity investments	**658,172**	666,847
Unquoted debt securities	**–**	113,505
Investments in funds	**955,696**	935,893
	1,627,146	2,704,493

At 31 December 2014, certain unquoted equity investments amounting to QR 36,867 thousands (2013: QR 62,727 thousands) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

During the year, the Group has recorded an impairment loss of QR 1,346 thousands (2013: QR 3,228 thousands) on certain available-for-sale investments. In the opinion of the management, based on the currently available information, there is no evidence of further impairment in the value of available-for-sale investments.

18 OTHER NON-CURRENT ASSETS

	2014 QR'000	2013 QR'000
Prepaid rentals	263,000	242,473
Other long term receivables	398,440	355,213
Others	89,186	99,558
	750,626	697,244

19 INCOME TAX

Income tax represents amounts recognised by subsidiary companies. The major components of income tax expense for the years 2014 and 2013 are:

	2014 QR'000	2013 QR'000
Current income tax		
Current income tax charge	541,291	760,368
Adjustments in respect of previous years' income tax	165,659	154,682
Deferred income tax		
Relating to origination and reversal of temporary differences	(108,154)	(303,161)
Income tax included in the consolidated statement of profit or loss	598,796	611,889

The Parent company is not subject to income tax in the State of Qatar. The tax rate applicable to the taxable subsidiaries which is in the range of 10% to 35% (2013: 10% to 35%). For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense allowed in accordance with respective tax laws of subsidiaries.

The adjustments are based on the current understanding of the existing laws, regulations and practices of each subsidiaries jurisdiction. In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits together with the details of the effective tax rates. As a result, the reconciliation includes only the identifiable major reconciling items. The tax reconciliation is presented as follows:

	2014 QR'000	2013 QR'000
Profit before tax	3,080,458	3,895,146
Profit of parent and subsidiaries not subject to corporate income tax	(1,766,354)	(1,132,819)
Profit of parent and subsidiaries subject to corporate income tax	1,314,104	2,762,327
Add/(Less):		
Allowances, accruals and other temporary differences	543,091	708,050
Expenses and income that are not subject to corporate tax	686,757	(161,324)
Depreciation – net of accounting and tax	269,701	571,561
Taxable profit of subsidiaries and associates that are subject to corporate income tax	2,813,653	3,880,614
Income tax charge at the effective income tax rate of 19% (2013: 20%)	541,291	760,368

19 INCOME TAX CONTINUED

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2014 QR'000	2013 QR'000	2014 QR'000	2013 QR'000
Accelerated depreciation for tax purposes	**(346,243)**	(410,222)	**48,039**	237,160
Losses available to offset against future taxable income	**50,592**	60,325	**(6,452)**	(34,470)
Allowances, accruals and other temporary differences	**90,022**	49,384	**38,307**	65,260
Deferred tax origination on purchase price allocation	**(489,981)**	(528,000)	**28,260**	35,211
Deferred tax liability/deferred tax expense (income) – net	**(695,610)**	(828,513)	**108,154**	303,161

Reflected in the consolidated statement of financial position as follows:

	2014 QR'000	2013 QR'000
Deferred tax asset	**59,884**	50,703
Deferred tax liability	**(755,494)**	(879,216)
	(695,610)	(828,513)

Movement of deferred tax liability – net

	2014 QR'000	2013 QR'000
At 1 January	**828,513**	1,295,555
Tax income during the year	**(108,154)**	(303,161)
Tax on other comprehensive income	**(13,131)**	68,388
Exchange adjustment	**(11,618)**	(232,269)
At 31 December	**695,610**	828,513

Unrecognised deferred tax assets

At 31 December 2014, deferred tax assets of QR 139,619 thousands (2013: QR 110,837 thousands) for temporary differences of QR 398,911 thousands (2013: QR 353,859 thousands) related to investments in subsidiaries were not recognised because the subsidiaries were unable to assess with reasonable certainty that sufficient taxable profit would be available to recover the asset in the foreseeable future.

20 INVENTORIES

	2014 QR'000	2013 QR'000
Subscribers' equipment	**288,421**	215,090
Other equipment	**337,053**	267,443
Cables and transmission equipment	**83,761**	93,870
	709,235	576,403
Less: Provision for obsolete and slow moving inventories	**(42,565)**	(39,092)
	666,670	537,311

Inventories consumed are recognised as expense and included under operating expenses, amounting to QR 2,209,182 thousands (2013: QR 1,389,107 thousands).

20 INVENTORIES CONTINUED

Movement in the provision for obsolete and slow moving inventories is as follows:

	2014 QR'000	2013 QR'000
At 1 January	39,092	42,169
Provided during the year	4,879	9,733
Amounts written off	(865)	(3,089)
Related to discontinued operation	–	(7,831)
Exchange adjustment	(541)	(1,890)
At 31 December	42,565	39,092

21 TRADE AND OTHER RECEIVABLES

	2014 QR'000	2013 QR'000
Trade receivables – net of impairment allowances	2,329,676	2,728,082
Other receivables and prepayments	3,829,171	3,003,276
Unbilled subscribers revenue	347,237	271,711
Amounts due from international carriers – net	1,004,270	692,816
Positive fair value of derivatives contracts	72,080	138,471
Net prepaid pension costs	885	1,149
	7,583,319	6,835,505

At 31 December, trade receivables amounting to QR 1,081,191 thousands (2013: QR 1,010,951 thousands) were impaired and fully provided for.

Movement in the allowance for impairment of trade receivables is as follows:

	2014 QR'000	2013 QR'000
At 1 January	1,010,951	1,007,404
Charge for the year	181,451	230,117
Amounts written off	(83,670)	(90,807)
Related to discontinued operation	–	(91,636)
Exchange adjustment	(27,541)	(44,127)
At 31 December	1,081,191	1,010,951

At 31 December 2014, the ageing of unimpaired trade receivables is as follows:

			Past due not impaired			
	Total QR '000	Neither past due nor impaired QR '000	< 30days QR '000	30-60 Days QR '000	60-90 Days QR '000	> 90 days QR '000
2014	2,329,676	847,464	340,573	254,884	156,447	730,308
2013	2,728,082	942,910	446,975	333,720	213,154	791,323

Unimpaired receivables are expected on the basis of past experience to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majorities are therefore, unsecured.

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following items:

	Note	2014 QR'000	2013 QR'000
Bank balances and cash	(i),(ii)	**17,437,426**	20,304,571
Less:			
Restricted deposits		**(121,963)**	(300,413)
Cash and cash equivalents of continuing operation		**17,315,463**	20,004,158
Cash and cash equivalents of discontinued operation	41	**–**	199,661
Cash and cash equivalents as per consolidated statement of cash flows at 31 December		**17,315,463**	20,203,819

i) Bank balances and cash equivalents include fixed deposits maturing after three months amounting to QR 6,311,017 thousands (2013: QR 8,321,931 thousands). The management is of the opinion that these fixed deposits are readily convertible to cash and is held to meet short-term commitments.

ii) Short term deposits are made for varying periods depending on the immediate cash requirements of the Group and the interest on the respective short term deposit rates range from 0.25% to 11.50% (2013 : 0.25% to 11.00%).

23 SHARE CAPITAL

	2014		2013	
	No of shares (000)	QR'000	No of shares (000)	QR'000
Authorised				
Ordinary shares of QR 10 each				
At 1 January/31 December 2014	**500,000**	**5,000,000**	500,000	5,000,000
Issued and fully paid up				
Ordinary shares of QR 10 each				
At 1 January/31 December 2014	**320,320**	**3,203,200**	320,320	3,203,200

24 RESERVES

a) Legal reserve

In accordance with Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association, 10% of the profit of the Company for the year should be transferred to the legal reserve until such reserves reach 50% of the issued share capital. During 2008, an amount of QR 5,494,137 thousands, being the net share premium amount arising out of the rights issue was transferred to legal reserve. During 2012, an amount of QR 5,940,145 thousands, being the net share premium amount arising out of the rights issue was transferred to legal reserve.

The reserve is not available for distribution except in the circumstances stipulated in the Companies' law and the Company's Articles of Association.

b) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments and effective portion of qualifying cash flow hedges.

	2014 QR'000	2013 QR'000
Fair value reserve of available for sale investments	**881,103**	1,316,087
Cash flow hedge reserve	**11,459**	10,282
	892,562	1,326,369

24 RESERVES CONTINUED

c) Employee benefit reserve

Employment benefit reserve is created on account of adoption of revised IAS – 19 "Employee benefits". Employee benefit reserve comprises actuarial gains/(losses) pertaining to defined benefit plans.

d) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in a foreign operation.

e) Other statutory reserves

In accordance with the statutory regulations of the various subsidiaries, a share of their respective annual profits should be transferred to a non-distributable statutory reserve.

25 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2014 QR'000	2013 QR'000
Available-for-sale investments		
Gain arising during the year	207,500	312,041
Reclassification to profit or loss	(687,890)	(84,065)
Transferred to profit or loss on impairment	1,346	3,228
	(479,044)	231,204
Cash flow hedges		
(Loss)/gain arising during the year	(361)	1,026
Deferred tax effect	43	(123)
	(318)	903
Employee benefit reserve		
Net movement in employee benefit reserve	(54,354)	304,827
Deferred tax effect	13,088	(67,716)
	(41,266)	237,111
Associates and joint venture		
Share of changes in fair value	1,352	2,843
Translation reserves		
Foreign currency translation differences – foreign operations	(1,995,070)	(3,096,664)
Exchange differences transferred to profit or loss	8,825	–
Deferred tax effect	–	(549)
	(1,986,245)	(3,097,213)
Other comprehensive income for the year – net of tax	(2,505,521)	(2,625,152)

26 LOANS AND BORROWINGS

Presented in the consolidated statement of financial position as:

	2014 QR'000	2013 QR'000
Non-current liabilities		
Secured loan	553,723	675,875
Unsecured loan	9,117,465	8,927,966
Islamic Finance	4,745,809	4,693,110
Bonds	21,526,815	23,345,807
Less: Deferred financing cost	(302,591)	(388,306)
	35,641,221	37,254,452
Current liabilities		
Secured loan	191,953	155,791
Unsecured loan	2,773,430	2,167,035
Islamic Finance	1,813,468	1,829,128
Bonds	2,462,528	3,974,533
Less: Deferred financing cost	(85,870)	(68,614)
	7,155,509	8,057,873
	42,796,730	45,312,325

The deferred financing costs consist of arrangement and commitment fees. Movement in deferred financing costs was as follows:

	2014 QR'000	2013 QR'000
At 1 January	456,920	438,675
Additions during the year	29,165	156,063
Amortised during the year (note 9)	(99,069)	(122,787)
Exchange adjustment	1,445	(15,031)
At 31 December	388,461	456,920

26 LOANS AND BORROWINGS CONTINUED

The loans and borrowings presented in the consolidated statement of financial position consist of the following:

	Currency	Nominal Interest/Profit rate	Year of maturity	2014 QR'000	2013 QR'000
Unsecured	USD	LIBOR + 1.45%	May 2014	–	2,731,125
Unsecured	USD	LIBOR + 1.15%	March 2017	3,641,500	3,641,500
Unsecured	USD	LIBOR + 1.00%	May 2019	3,641,500	–
Islamic Finance	USD	LIBOR + 0.95%	May 2014	–	1,820,750
Islamic Finance	USD	LIBOR + 0.95%	May 2015	1,813,467	–
Bonds	USD	6.50%	June 2014	–	3,277,351
Bonds	USD	7.88%	June 2019	2,184,901	2,184,901
Bonds	USD	3.38%	October 2016	3,641,501	3,641,501
Bonds	USD	4.75%	February 2021	3,641,501	3,641,501
Bonds	USD	5.00%	October 2025	2,731,127	2,731,127
Bonds	USD	3.25%	February 2023	3,641,501	3,641,501
Bonds	USD	3.88%	January 2028	1,820,751	1,820,751
Bonds	USD	4.50%	January 2043	1,820,751	1,820,751
Islamic Finance	USD	3.04%	December 2018	4,551,877	4,551,877
Unsecured	USD	LIBOR + 2%	February 2017	142,738	205,968
Unsecured	USD	LIBOR + 1.8%	January 2018	308,080	163,900
Unsecured	TND	TMM Rate + 1.1%	June 2018	375,471	487,539
Unsecured	TND	TMM Rate + 1.5%	June 2019	224,427	–
Secured	USD	LIBOR + 5.0% to 5.85% per annum	June 2019	313,141	326,325
Secured	USD	LIBOR + 3%	August 2015	3,277	7,647
Secured	USD	LIBOR + 5.5%	February 2016	6,798	12,624
Secured	USD	LIBOR + 5.5%	December 2016	14,566	–
Secured	USD	6%	January 2016	5,917	–
Secured	USD	LIBOR+2%	December 2015	5,463	–
Unsecured	DZD	5%	December 2015	319,823	613,332
Unsecured	DZD	4.50%	November 2015	125,506	133,123
Unsecured	DZD	4.5%	September 2015	61,258	53,602
Unsecured	DZD	4.95%	September 2015	62,744	52,596
Unsecured	DZD	5%	April 2016	122,810	–
Unsecured	DZD	5%	March 2017	75,009	–
Unsecured	DZD	4.90%	September 2015	64,880	–
Unsecured	KWD	CBK discount rate	October 2016	410,021	232,285
Unsecured	KWD	CBK + 1%	September 2016	75,792	–
Unsecured	USD	LIBOR + 1.75%	June 2015	145,661	412,703
Unsecured	USD	LIBOR + 1.40%	November 2015	121,383	254,905
Unsecured	USD	LIBOR + 2.50%	December 2015	29,962	51,814
Unsecured	USD	LIBOR + 2.95%	September 2019	174,792	–
Secured	USD	5.69% p.a.	September 2019	286,416	343,973
Secured	USD	USD LIBOR + 0.35% p.a.	September 2019	80,539	96,723
Unsecured	IDR	1-month JIBOR + 1.25% payable monthly	June 2014	–	448,829
Unsecured	IDR	JIBOR + 2.75% p.a payable monthly	February 2015	292,949	448,829
Bonds	USD	7.375% Payable semi- annually	July 2020	2,368,784	2,370,670

26 LOANS AND BORROWINGS CONTINUED

	Currency	Nominal Interest/Profit rate	Year of maturity	2014 QR'000	2013 QR'000
Secured	USD	6 month LIBOR + 1.45%	November 2016	**29,559**	44,374
Unsecured	USD	Facility A: 6 Month LIBOR + 2.87% Facility B: Commercial Interest Reference Rate ("CIRR") + 1.66% Facility C: CIRR+ 1.64% – payable semi-annually.	Facility A: May 2016 Facility B: February 2017 Facility C: November 2017	**373,539**	537,960
Bonds	IDR	Series A 10.2% and Series B 10.65% – payable quarterly	Series A: May 2014 Series B: May 2017	– **401,340**	358,040 409,930
Bonds (Series A) and Unsecured (Series B)	IDR	Series A 10.25% and Series B 10.80% – payable quarterly	April 2015	**93,744**	95,750
Bonds	IDR	Series A 11.25% and Series B 11.75%	Series A: December 2014 Series B: December 2016 – payable quarterly	– **175,769**	209,453 179,532
Bonds	IDR	IDR 10.3 billion annual fixed Ijarah return	May 2014	**–**	119,689
Islamic Finance	IDR	Annual fixed Ijarah return. Series A bonds IDR 3.15 billion and Series B bonds IDR20.21 billion	Series A: December 2014 Series B: December 2016	– **50,387**	8,379 51,466
Bonds	IDR	Fixed rate of 8.625% p.a. payable quarterly	June 2019	**351,538**	359,063
Bonds	IDR	Fixed rate of 8.875% p.a. payable quarterly	June 2022	**439,423**	448,829
Islamic Finance	IDR	Annual Ijarah payment of IDR 25.875 billion	June 2019	**87,885**	89,766
Unsecured	IDR	3 months Jibor + 2.25%	October 2016	**219,712**	89,766
Unsecured	IDR	10.25% payable quarterly	December 2018	**263,654**	299,219
Unsecured	IDR	1month Jibor +1.25%	December 2015	**190,416**	194,493
Unsecured	IDR	1month Jibor +2.75%	October 2017	**102,532**	–
Unsecured	IDR	1month Jibor +1.5%	November 2021	**73,237**	–
Unsecured	IDR	1month Jibor +2.5%	December 2017	**29,295**	–
Unsecured	IDR	1month Jibor +2.5%	June 2015	**175,770**	–
Bonds	IDR	10%	December 2017	**278,301**	–
Bonds	IDR	10.30%	December 2019	**219,713**	–
Bonds	IDR	10.50%	December 2021	**73,237**	–
Bonds	IDR	10.70%	December 2024	**105,461**	–
Islamic Finance	IDR	10%	December 2017	**18,750**	–
Islamic Finance	IDR	10.30%	December 2019	**4,687**	–
Islamic Finance	IDR	10.50%	December 2021	**32,224**	–
Unsecured	IDR	10.50%	November 2017	**4,614**	–
Unsecured	IDR	2%	November 2016	**307**	–
Unsecured	USD	NIL	On demand	**41,513**	41,513
				43,185,191	45,769,245
Less: Deferred financing costs				**(388,461)**	(456,920)
				42,796,730	45,312,325

i) Loans and borrowings are availed for general corporate purposes or specific purposes which include purchase of telecommunication and related equipment, financing working capital requirements and repayment or refinancing of existing borrowing facilities.

ii) Secured loans and borrowings are secured against property, plant and equipment and cash collateral.

iii) Bonds are listed on London, Irish, Singapore and Indonesia Stock Exchanges.

iv) Islamic Finance includes notes issued under Sukuk Trust Programme on the Irish and Indonesia Stock Exchange.

27 EMPLOYEE BENEFITS

	2014 QR'000	2013 QR'000
Employees' end of service benefits	378,068	337,388
Post-retirement health care plan	183,083	140,552
Cash settled share based payments	279,751	256,344
Defined benefit pension plan/Labour Law No. 13/2003	88,166	71,657
Other employee benefits	10,164	11,299
Total employee benefits	939,232	817,240
Current portion of cash settled share based payments (note 29)	(101,774)	(120,276)
Employee benefits – non current	837,458	696,964

Movement in the provision for employee benefits are as follows:

	2014 QR'000	2013 QR'000
At 1 January	817,240	1,010,071
Provided during the year	276,458	299,392
Paid during the year	(183,100)	(129,884)
Other comprehensive income	41,194	(230,223)
Relating to discontinued operation	–	(13,408)
Exchange adjustment	(12,560)	(118,708)
At 31 December	939,232	817,240

The details of the benefit plans operated by one of the Group's subsidiaries are as follows:

Plan A – Post-retirement healthcare plan

The subsidiary provides post-retirement healthcare benefits to its employees who leave after the employees fulfill the early retirement requirement. The immediate family of employees who have been officially registered in the records of the Company are also eligible to receive benefits.

Plan B – Defined Benefit Pension Plan – Labour Law No. 13/2003

Indosat, Lintasarta and IMM also accrue benefits under Indonesian Labor Law No. 13/2003 ("Labor Law") dated 25 March 2003. Their employees will receive the benefits under this law or the defined benefit pension plan, whichever amount is higher.

Plan C – Defined Benefit Pension Plan

The subsidiaries, Indosat, Satelindo and Lintasarta provide defined benefit pension plans to their respective employees under which pension benefits to be paid upon retirement. A state-owned life insurance company, PT Asuransi Jiwasraya ("Jiwasraya") manages the plans. Pension contributions are determined by periodic actuarial calculations performed by Jiwasraya.

Based on the agreement, a participating employee will receive:

- Expiration benefit equivalent to the cash value at the normal retirement age, or
- Death benefit not due to accident equivalent to 100% of insurance money plus cash value when the employee dies not due to accident, or
- Death benefit due to accident equivalent to 200% of insurance money plus cash value when the employee dies due to accident.

27 EMPLOYEE BENEFITS CONTINUED

Actuarial assumptions

The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method, the following were the principal actuarial assumptions at the reporting date.

	2014			2013		
	Plan A	Plan B	Plan C	Plan A	Plan B	Plan C
Annual discount rate	9.0%	8.5%	8.0%–8.5%	9.5%	9.0%–9.5%	9.0%
Ultimate cost trend rate	6.0%	–	–	6.0%	–	–
Next year trend rate	6.0%	–	–	8.0%	–	–
Period to reach ultimate cost trend rate	0 Year	–	–	1 Year	–	–
Increase in compensation	–	7.5%	3.0%–9.0%	–	7.5%–8.5%	3.0%–9.0%
Expected annual rate of return on plan assets	–	–	4.5%–9.0%	–	–	4.5%–9.0%
Mortality rate	–	–	TMI 2011	–	–	TMI 2011

Movement in net defined benefit (asset)/liability

The following table shows the reconciliation from the opening balances to the closing balances for net defined benefit liability (asset) and its components.

	2014			2013		
	Plan A QR'000	Plan B QR'000	Plan C QR'000	Plan A QR'000	Plan B QR'000	Plan C QR'000
At 1 January	144,382	73,272	(38,196)	383,232	138,446	(8,332)
Included in profit or loss						
Interest cost	13,896	6,999	(3,323)	25,914	8,653	(778)
Service cost	4,885	7,913	7,719	14,752	13,682	11,719
Curtailment gain	(3,007)	(649)	259	(7,700)	(2,537)	2,974
Immediate recognition of past service cost – vested benefit	–	1,944	83	–	266	(1,025)
Cost of employee transfer	153	(57)	–	–	–	–
	15,927	16,150	4,738	32,966	20,064	12,890
Included in other comprehensive income						
Actuarial (gain)/loss	35,742	5,452	13,160	(180,425)	(49,798)	(74,604)
Other movements						
Contribution	–	–	(3,156)	–	–	(3,122)
Benefit payment	(4,613)	(2,488)	–	(6,663)	(3,345)	–
Refund	–	–	429	–	–	469
Exchange adjustment	(3,790)	(2,311)	(3,268)	(84,728)	(32,095)	34,503
	(8,403)	(4,799)	(5,995)	(91,391)	(35,440)	31,850
At 31 December	187,648	90,075	(26,293)	144,382	73,272	(38,196)
Current portion	4,565	1,909	(885)	3,830	1,615	(1,149)
Non-current portion	183,083	88,166	(25,408)	140,552	71,657	(37,047)

27 EMPLOYEE BENEFITS CONTINUED

Plan assets comprises of time deposits, debt securities, long-term investment in shares of stock and property as follows:

	2014	2013
Investments in:		
– Shares of stocks and properties	45.90%	45.87%
– Mutual fund	43.92%	44.20%
– Time deposits	8.40%	6.37%
– Debt securities	1.75%	3.56%
– Others	0.03%	0.00%

28 OTHER NON-CURRENT LIABILITIES

	2014 QR'000	2013 QR'000
Communications and Media Commission ("CMC"), Iraq	279,485	–
Ministry of Communication and Technology ('MOCIT'), Indonesia	165,993	440,260
Ministry of Telecommunications and Information Technology, Palestine	197,903	197,903
Post and Telecommunications Department, Ministry of Information and Technology, Myanmar	919,479	–
Site restoration provision	63,938	61,958
Finance lease liabilities (note 32)	1,066,404	1,079,601
Deferred gain on finance leases	272,026	320,054
Others	692,945	526,081
	3,658,173	2,625,857

29 TRADE AND OTHER PAYABLES

	2014 QR'000	2013 QR'000
Trade payables	4,451,146	2,790,481
Accrued expenses	6,335,568	5,698,003
Interest payable	448,206	456,240
Profit payable on islamic financing obligation	11,469	10,757
License costs payable (note 14 (i))	1,610,276	–
Amounts due to international carriers – net	605,046	440,030
Negative fair value of derivatives	17,075	22,237
Finance lease liabilities (note 32)	126,914	107,318
Cash settled share based payments (note 27)	101,774	120,276
Other payables	3,290,571	2,719,305
	16,998,045	12,364,647

30 DIVIDEND

Dividend paid and proposed

	2014 QR'000	2013 QR'000
Declared, accrued and paid during the year		
Final dividend for 2013, QR 4 per share (2012 : QR 5 per share)	**1,281,280**	1,601,600
Proposed for approval at Annual General Meeting		
(not recognised as a liability as at 31 December)		
Final dividend for 2014, QR 4 per share (2013 : QR 4 per share)	**1,281,280**	1,281,280

The proposed final dividend will be submitted for formal approval at the Annual General Meeting.

31 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives not designated as hedging instruments

The Group uses cross currency swap contracts, currency forward contracts and interest rate swaps to manage some of the currency transaction exposure and interest rate exposure. These contracts are not designated as cash flow, fair value or net investment hedges and are accounted for as derivative financial instruments:

	Notional amounts	
	2014 QR'000	2013 QR'000
Currency forward contracts	**1,582,883**	888,526
Interest rate swaps	**110,014**	259,410
Fair value hedge	**227,177**	304,559
	1,920,074	1,452,495

	Fair values			
	2014		2013	
	Positive QR'000	Negative QR'000	Positive QR'000	Negative QR'000
Currency forward contracts	**22,260**	**1,444**	58,518	–
Interest rate swaps	**–**	**7,909**	–	11,042
Fair value hedge	**48,354**	**6,852**	77,837	10,036
	70,614	**16,205**	136,355	21,078

Cash flow hedges

The Group has several interest rates swap and basis swap agreements with a view to limit its floating interest rate exposure on its term loans. Under the interest rate swap arrangements, the Group will pay an agreed fixed interest rate and receive floating interest rates based on USD LIBOR.

The swap arrangements qualify for hedge accounting under IAS 39, the hedging relationship and objective, including details of the hedged items and hedging instruments are formally documented as the transactions are accounted as cash flow hedges.

31 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Cash flow hedges continued

The table below shows the positive and negative fair values of derivative financial instruments held as cash flow hedges together with the notional amounts:

	Negative fair value QR'000	Positive fair value QR'000	Notional Amounts QR'000
Interest rate swaps			
31 December 2014	**870**	**1,466**	**207,811**
31 December 2013	1,159	2,116	244,270

32 COMMITMENTS

Capital expenditure commitments

	2014 QR'000	2013 QR'000
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**4,803,664**	8,393,649

Operating lease commitments

	2014 QR'000	2013 QR'000
Future minimum lease payments:		
Not later than one year	**284,617**	203,376
Later than one year and not later than five years	**1,009,745**	615,681
Later than five years	**998,799**	171,165
Total operating lease expenditure contracted for at 31 December	**2,293,161**	990,222

Finance lease commitments

	2014 QR'000	2013 QR'000
Amounts under finance leases		
Minimum lease payments		
Not later than one year	**254,229**	235,037
Later than one year and not later than five years	**948,486**	906,231
Later than five years	**523,149**	632,179
	1,725,864	1,773,447
Less: unearned finance income	**(532,546)**	(586,528)
Present value of minimum lease payments	**1,193,318**	1,186,919

Present value of minimum lease payments

	Note	2014 QR'000	2013 QR'000
Current portion	29	**126,914**	107,318
Non-current portion	28	**1,066,404**	1,079,601
		1,193,318	1,186,919

33 CONTINGENT LIABILITIES

	2014 QR'000	2013 QR'000
Letters of guarantees	**946,070**	405,961
Letters of credit	**200,041**	139,351
Claims against the Group not acknowledged as debts	**1,647**	764

Litigation and claims

The Group is from time to time a party to various legal actions and claims arising in the ordinary course of its business. The Group does not believe that the resolution of these legal actions and claims will, individually or in the aggregate, have a material adverse effect on its financial condition or results of operations, except as noted below.

a) Proceedings against PT Indosat Mega Media relating to misuse of radio frequencies

In early 2012, the Attorney General's Office in Jakarta (the "AGO") initiated corruption proceedings against PT Indosat Mega Media ("IM2"), a 99 percent owned subsidiary of PT Indosat TBK, a subsidiary of the Group, for unlawful use of a radio frequency band allocation that had been granted to Indosat. These proceedings were initiated pursuant to a report from the Indonesian Telecommunication Consumer Non Governmental Organisation, which alleged that IM2 had avoided paying certain spectrum fees by unlawfully using Indosat's 3G spectrum which Indosat had acquired through a tender process in 2006.

On 8 July 2013, the Indonesia Corruption Court imposed a fine of QR 474 million (USD 130 million) against IM2 in a related case against the former President Director of IM2. Both the former President Director of IM2 and the AGO lodged appeals to the Jakarta High Court. On 10 January 2014, the Jakarta High Court issued a decision in favour of IM2 and cancelled the fine of QR 474 million (USD 130 million) against IM2 for the compensation of the state loss.

Following the institution of the Criminal Case, Indosat, IM2 and Mr. Indar Atmanto sued BPKP in the Administrative Court (the "Administrative Case") challenging its calculation of the state's loss, introduced as proof in the Criminal Case. On May 1, 2013, the Administrative Court held that the BPKP Report was unlawful and ordered it revoked. On January 28, 2014 this decision was upheld on appeal to the High Court, and was again upheld on July 21, 2014 by the Supreme Court. It is now deemed to be final and binding, notwithstanding apparent contradictions with the Criminal Case decision and the Administrative Case decision.

A written decision of the Supreme Court was received in January 2015 which confirmed that the Supreme Court had upheld Mr. Indar Atmanto's prison sentence of eight years and that the fine against IM2 of approximately USD 130 million had been reinstated.

Ooredoo, Indosat and IM2 maintain that there is no justification for the decisions against Mr. Indar Atmanto and IM2. However, Indosat and IM2 have constituted provisions, and Ooredoo has included a provision in its accounts.

b) Tax demand notices against Asiacell

As at the reporting date, one of the Group's subsidiaries, Asiacell Communication PJSC ("ACL") was subject to tax demand notice by the General Commission for Taxes, Iraq (the "GCT") for the years 2004 to 2007 for an amount of QR 246.5 million and a further tax demand notice by the GCT for the years 2008, 2009-10 for an amount of QR 141.5 million and QR 245.7 million respectively relating to corporate income tax. In addition, Asiacell also received tax demand notice by the GCT for the years 2003 to 2007 for an amount of QR 84.6 million relating to employees' income tax.

Currently the ACL management is in the process of discussing the basis of each of these claims and certain amount is paid under protest to comply with the requirements of tax laws in Iraq.

The Group has set up adequate provision against these claims and management is of the view that ACL has strong grounds to challenge each of these claims.

33 CONTINGENT LIABILITIES CONTINUED

Litigation and claims continued

c) Proceedings against Asiacell relating to regulatory fee

In June 2014, one of the Group's subsidiaries Asiacell in Iraq received a letter from the Communications and Media Commission, Iraq (CMC) requesting the payment of QR 278.2 million (USD 76.4million). According to their view of Asiacell's shareholding structure, Asiacell should pay the regulatory fee based on an 18% rather than 15% of gross revenues.

Consequently, Asiacell filed an appeal at the CMC's appeal panel in disagreement on the legal aspect of this matter. The appeal was rejected by the CMC appeal panel and Asiacell is now preparing its appeal to the Administrative court.

On 8 September 2014 Asiacell raised a civil lawsuit against the CMC to the Court of First Instance of Erbil/2 in relation to the decisions of CMC and the CMC Appeal Panel. The case was dismissed by the court on the basis that the decision of the Appeal Panel was final. On 3 December 2014 Asiacell then appealed the decision of the court to the Court of Appeal of Erbil Area. The first hearing is expected to occur in February 2015.

The Group has already set up an adequate provision in prior years since it increased ownership interest in Asiacell which can potentially trigger the additional regulatory fees.

d) Proceedings against Asiacell relating to frequency spectrum fee

On 10 September 2014, Asiacell received a claim from Communications and Media Commission (CMC) towards usage fees of the frequency spectrum for a sum of QR 239.7 million (equivalent to USD 66 million) for the period from 30 August 2007 to 31 December 2013. The Company has already made a provision for QR 174.1 million (equivalent to USD 47.8 million) in its books for the same period.

On enquiry, the company was informed that the rebate on fees was only considered by CMC from 14 August 2011 and not from the date on which the frequency spectrum was provided which was provided (30 August 2007) even though instructions posted on the CMC website clearly mention that the discount should be considered from the date of providing the frequency spectrum. This has mainly resulted in the difference between the amount claimed for by CMC and the amount provided for by the Company.

Asiacell has sent an objection letter to the CMC on 22 September 2014 claiming that discount on the frequency spectrum usage fees should be the date of providing the frequency spectrum. However till date no response has been received from the CMC.

e) Proceedings against NMTC relating to misuse of network infrastructure

The Ministry of Communications ("MOC") in Kuwait initiated proceedings against one of the Group's subsidiaries, National Mobile Telecommunication Company ("NMTC") under Article 262 of the Kuwaiti Civil Code, claiming unlawful use of the Ministry's network infrastructure since 1999. The claim was rejected by the Court of First Instance and the MOC appealed.

Subsequent to the appeal, on 18 February 2014, the Kuwaiti Court of Appeal ruled in favour of the MOC. The decision was based on the claimed right of the MOC to charge fees according to Kuwaiti Law for mobile services provided via the Company's mobile network. The judgement was for an amount of QR 474.1 million (equivalent Kuwaiti Dinar 36.7 million). Ooredoo Kuwait appealed to the Court of Cassation and on April 27, 2014, the appeal was refused. Ooredoo Kuwait then appealed to the Supreme Court.

On 5 January 2015 the Court of Cassation issued a judgment rejecting the original lawsuit invalidating the judgment of the Court of Appeal.

The judgment of the Court of Cassation is final and is not subject to any further appeal, so this litigation is now closed.

33 CONTINGENT LIABILITIES CONTINUED

Litigation and claims continued

f) Deduction disallowed in corporate income tax assessment

On November 20, 2014, Indosat received an assessment letter of tax overpayment ("SKPLB") from the DGT for Indosat's 2012 corporate income tax amounting to QR 38.6 million. On January 20, 2015, Indosat received this amount as tax refund from the DGT. Within this SKPLB, the DGT also made two corrections totaling QR 98.8 million, which decreased the tax loss carried forward as of December 31, 2012. Indosat accepted a part of the corrections amounting to QR 1.7 million. On February 18, 2015, Indosat submitted an objection letter to the Tax Office regarding the remaining correction amounting to QR 97.1 million.

On December 27, 2013, Indosat received the assessment letter on tax underpayment ("SKPKB") from the DGT for Indosat's 2007 and 2008 corporate income tax amounting to QR 32.3 million and QR 28.5 million, respectively, which was paid on January 24, 2014. On March 20, 2014, Indosat submitted objection letters to the Tax Office regarding this correction on Indosat's 2007 and 2008 corporate income tax amounting to QR 32.3 million and QR 28.5 million, respectively. As of December 31, 2014, Indosat has not received any decision from the Tax Office on these objections.

g) Withholding tax deducted by Indosat at lower rate

On November 20, 2014, Indosat received SKPLBs from the DGT for Indosat's 2012 income tax article 26 and 4(2) amounting to QR 91.9 million (including penalties). Indosat accepted the correction on income tax article 4(2) amounting to QR 4.0 million, which was charged to the 2014 operations as part of "Expenses – Others – Net". Indosat only paid amounting to QR 4.0 million on December 19, 2014. On February 18, 2015, Indosat submitted an objection letters to the Tax Office regarding the correction on income tax article 26 amounting to QR 91.9 million.

34 FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, finance leases, and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, investments and cash and short-term deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily interest rate swaps, cross currency swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are market risk, credit risk, liquidity risk and operational risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

Interest rate risk

The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, loans receivable, available-for-sale debt instruments, loans and borrowings. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates and fixed interest instruments maturing within three months from the end of the financial reporting year.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional amount. The swaps are designated to hedge underlying debt obligations. At 31 December 2014, after taking into the effect of interest rate swaps, approximately 71% of the Group's borrowings are at a fixed rate of interest (2013: 75%).

34 FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk continued

The following table demonstrates the sensitivity of the consolidated statement of profit or loss and equity to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of profit or loss and equity is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Consolidated statement of profit or loss +25b.p QR'000	Equity +25 b. p QR'000
At 31 December 2014		
USD LIBOR	**(25,582)**	520
Others	**(5,424)**	–
At 31 December 2013		
USD LIBOR	**(23,489)**	611
Others	**(4,754)**	–

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investment in foreign subsidiaries.

The Group had the following significant net exposure denominated in foreign currencies.

	2014 QR'000 Assets (Liabilities)	2013 QR'000 Assets (Liabilities)
Indonesian Rupiah (IDR)	**5,545,615**	5,402,507
Kuwaiti Dinar (KD)	**9,144,786**	8,342,247
US Dollars (USD)	**(4,210,966)**	(4,938,510)
Euro (EUR)	**154,395**	(27,285)
Great British Pounds (GBP)	**(7,051)**	(3,095)
Tunisian Dinar (TND)	**206,364**	210,731
Algerian Dinar (DZD)	**(2,414,783)**	(2,439,777)
Iraqi Dinar (IQD)	**(654,213)**	(179,350)
Others	**(4,342)**	(87)

The US Dollar denominated balances are not considered to represent a significant currency risk as Qatari Riyal is pegged to US Dollar.

34 FINANCIAL RISK MANAGEMENT CONTINUED

Foreign currency risk continued

The following table demonstrates the sensitivity to consolidated statement of profit or loss and equity for a reasonably possible change in the following currencies against Qatari Riyal, with all other variables held constant, of the Group's profit due to changes in the fair value of monetary assets and liabilities and the Group's equity on account of translation of foreign subsidiaries. The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown:

	Effect on consolidated statement of profit or loss		Effect on equity	
	2014 + 10% QR'000	2013 +10% QR'000	2014 + 10% QR'000	2013 +10% QR'000
Indonesian Rupiah (IDR)	–	–	554,562	540,251
Kuwaiti Dinar (KD)	–	–	914,479	834,225
Tunisian Dinar (TND)	–	–	20,636	21,073
Algerian Dinar (DZD)	–	–	(241,478)	(243,978)
US Dollars (USD)	(421,097)	(493,851)	–	–
Euro (EUR)	15,440	(2,729)	–	–
Great British Pounds (GBP)	(705)	(310)	–	–
Iraqi Dinar (IQD)	(65,421)	(17,935)	–	–

Equity price risk

The following table demonstrates the sensitivity of the fair value reserve to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Changes in equity indices	Effect on equity QR'000
2014		
Qatar Exchange (QE)	+10%	921
Kuwait Stock Exchange (KSE)	+15%	611
Indonesia Stock Exchange (IDX)	+10%	–
2013		
Qatar Exchange (QE)	+10%	55,911
Kuwait Stock Exchange (KSE)	+15%	1,939
Indonesia Stock Exchange (IDX)	+10%	41,621

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated statement of profit or loss will be impacted.

34 FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of trade receivables, bank balances, available-for-sale debt instruments and loans receivable and positive fair value of derivatives.

The Group provides telecommunication services to various parties. It is the Group's policy that all customers who wish to obtain on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the purchase of service limits are established for each customer, which are reviewed regularly based on the level of past transactions and settlement. The Group's maximum exposure with regard to the trade receivables net of allowance for impairment as at 31 December is as follows:

	2014 QR'000	2013 QR'000
Qatar	**888,126**	887,863
Other countries	**1,441,550**	1,840,219
	2,329,676	2,728,082

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2014 QR'000	2013 QR'000
Available-for-sale debt instruments	**–**	113,505
Bank balances (excluding cash)	**17,280,460**	20,228,535
Positive fair value of derivatives	**72,080**	138,471
Amounts due from international carriers	**1,004,270**	692,816
Unbilled subscriber revenue	**347,237**	271,711
	18,704,047	21,445,038

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks, 67% of bank balances represents balances maintained with local banks in Qatar with a rating of at least BBB+. Credit risk arising from derivative financial instruments is at any time, limited to those with positive fair values, as recorded on the consolidated statement of financial position. With gross settled derivatives, the Group is also exposed to settlement risk.

34 FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of Groups own reserves and bank facilities. The Group's terms of sales require amounts to be paid within 30 days from the invoiced date. The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	Less than 1 year QR'000	1 to 2 years QR'000	2 to 5 years QR'000	> 5 years QR'000	Total QR'000
At 31 December 2014					
Loans and borrowings	9,089,483	6,376,517	20,050,643	17,605,064	53,121,707
Trade payables	4,451,146	–	–	–	4,451,146
License costs payable	1,668,689	1,297,057	341,782	–	3,307,528
Finance lease liabilities	254,229	239,095	709,391	523,149	1,725,864
Other financial liabilities	723,895	241,915	–	–	965,810
	16,187,442	8,154,584	21,101,816	18,128,213	63,572,055

	Less than 1 year QR'000	1 to 2 years QR'000	2 to 5 years QR'000	> 5 years QR'000	Total QR'000
At 31 December 2013					
Loans and borrowings	10,433,708	5,806,428	17,845,652	24,679,931	58,765,719
Trade payables	2,790,481	–	–	–	2,790,481
License costs payable	165,851	153,668	433,836	–	753,355
Finance lease liabilities	235,037	235,356	670,875	632,179	1,773,447
Other financial liabilities	582,543	198,026	–	–	780,569
	14,207,620	6,393,478	18,950,363	25,312,110	64,863,571

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2014 and 31 December 2013.

Capital includes share capital, legal reserve, other statutory reserves and retained earnings and is measured at QR 26,081,449 thousands at 31 December 2014 (2013: QR 25,263,582 thousands).

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements:

	Carrying amounts		Fair values	
	2014 QR'000	2013 QR'000	2014 QR'000	2013 QR'000
Financial assets				
Available-for-sale investments	**1,627,146**	2,704,493	**1,627,146**	2,704,493
Trade and other receivables	**3,753,263**	3,831,080	**3,753,263**	3,831,080
Bank balances and cash	**17,437,426**	20,304,571	**17,437,426**	20,304,571
Financial liabilities				
Loans and borrowings	**43,185,191**	45,769,245	**40,926,677**	44,229,359
Other non-current liabilities	**1,562,860**	638,163	**1,562,860**	638,163
Finance lease liabilities	**1,193,318**	1,186,919	**1,193,318**	1,186,919
Trade and other payables	**10,535,563**	6,559,326	**10,535,563**	6,559,326
Income tax payable	**570,044**	561,122	**570,044**	561,122

The following methods and assumptions were used to estimate the fair values.

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. At the end of the reporting period, the carrying amounts of such receivables, net of allowances, approximate their fair values.
- Fair value of quoted investments is based on price quotations at the end of the reporting period. The fair value of unquoted investments, loans from banks and other financial indebtedness, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates applicable for similar risks and maturity profiles. Fair values of unquoted financial assets are estimated using appropriate valuation techniques.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot and forward rates and interest rate curves.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

35 FAIR VALUES OF FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets

	2014 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Available- for- sale investments	1,590,279	13,278	1,577,001	–
Derivative financial instruments	72,080	–	72,080	–
	1,662,359	13,278	1,649,081	–

	2013 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Available- for- sale investments	2,475,132	1,088,174	1,386,958	–
Derivative financial instruments	32,220	–	32,220	–
	2,507,352	1,088,174	1,419,178	–

Financial liabilities

	2014 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Derivative financial instruments	17,075	–	17,075	–

	2013 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Derivative financial instruments	13,499	–	13,499	–

36 RELATED PARTY DISCLOSURES

Related party transactions and balances

Related parties represent associated companies including Government and semi Government agencies, associates, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. In the ordinary course of business the Group enters into transactions with related parties. Pricing policies and terms of transactions are approved by the Group's management. The Group enters into commercial transactions with Government related entities in the ordinary course of business in terms of providing telecommunication services, placement of deposits and obtaining credit facilities etc.

a) Transactions with Government and related entities

The Group enters into commercial transactions with other Government related entities in the ordinary course of business which includes providing telecommunication services, placement of deposits and obtaining credit facilities. All these transactions are at arm's length and in the normal course of business.

b) Transactions with Directors and other key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility of planning, directing and controlling the activities of the Group.

Directors' remuneration including committee fees of QR 19,480 thousands was proposed for the year ended 31 December 2014 (2013: QR 19,480 thousands). The compensation and benefits related to key management personnel amounted to QR 280,330 thousands (2013: QR 192,287 thousands) and end of service benefits amounted to QR 30,463 thousands (2013: QR 22,719 thousands). The remuneration to the Board of Directors has been included under the caption "employee salaries and associated costs" in Selling, general and administration expenses in note 7.

37 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment and investment property

The Group's management determines the estimated useful lives of its property, plant and equipment and investment property for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

Useful lives of intangible assets

The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected usage of the asset, technical or commercial obsolescence.

Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through consolidated statement of profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. All investments are classified as "available-for-sale".

Provision and contingent liabilities

The Group's management determines provision on best estimate of the expenditure required to settle the present obligation as a result of the past event at the balance sheet date.

The Group's management measures contingent liabilities as a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

Classification of associates, joint ventures and subsidiaries

The appropriate classification of certain investments as subsidiaries, associates and joint ventures requires significant analysis and management judgement as to whether the Group exercises control, significant influence or joint control over these investments. This may involve consideration of a number of factors, including ownership and voting rights, the extent of Board representation, contractual arrangements and indicators of de fact control.

Changes to these indicators and management's assessment of the power to control or influence may have a material impact on the classification of such investments and the Group's consolidated financial position, revenue and results.

Impairment of available-for-sale equity investments

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20-30% or more and 'prolonged' greater than nine (9) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Fair value of unquoted equity investments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

37 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES CONTINUED

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of trade receivables

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

Presentation: gross versus net

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

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

Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis with revenue representing the margin earned.

Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity.

The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the consolidated statement of profit or loss.

Licenses and spectrum fees

The estimated useful life is generally the term of the license unless there is a presumption of renewal at negligible cost. Using the license term reflects the period over which the Group will receive economic benefit. For technology specific licenses with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the license. 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.

Revenue recognition – fair value determination for customer loyalty programmes

The Group estimates the fair value of points awarded under the customer loyalty programme estimating the weighted average cost for redemption of the points. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

Hedge effectiveness for cash flow hedges

Management reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The fair values of the interest rate swaps and basis swaps are determined based on future expected LIBOR rates.

38 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON – CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

	Asiacell, Iraq QR'000	Ooredoo, Kuwait QR'000	Wataniya, Algeria QR'000	Ooredoo, Tunisie QR'000	Indosat, Indonesia QR'000	Ooredoo, Oman QR'000
31 December 2014						
Non-current assets	8,570,389	12,157,531	5,054,767	2,204,723	13,548,019	3,084,032
Current assets	2,317,868	1,065,655	1,982,408	823,036	2,520,573	571,364
Non-current liabilities	(923,641)	(55,749)	(1,174,067)	(506,563)	(5,631,519)	(347,184)
Current liabilities	(4,364,906)	(2,519,006)	(3,579,409)	(1,432,770)	(6,331,640)	(1,428,648)
Net assets	5,599,710	10,648,431	2,283,699	1,088,426	4,105,433	1,879,564
Carrying amount of NCI	2,012,584	839,594	584,584	173,207	1,635,633	845,804
Revenue	6,297,970	2,145,940	4,623,388	2,288,286	7,394,834	2,231,254
Profit/(loss)	1,031,438	(726,424)	227,864	299,458	(563,694)	329,004
Profit/(loss) allocated to NCI	370,707	(57,276)	58,329	47,654	(171,435)	148,052

	Asiacell, Iraq QR'000	Ooredoo, Kuwait QR'000	Wataniya, Algeria QR'000	Ooredoo, Tunisie QR'000	Indosat, Indonesia QR'000	Ooredoo, Oman QR'000
31 December 2013						
Non-current assets	7,497,195	13,464,177	5,236,653	2,529,807	14,761,942	2,756,548
Current assets	1,531,124	1,396,798	1,755,141	807,228	2,148,818	461,103
Non-current liabilities	(731,005)	(287,856)	(1,400,018)	(457,638)	(7,936,158)	(319,984)
Current liabilities	(2,510,133)	(2,455,322)	(3,240,244)	(1,443,387)	(4,014,315)	(1,112,603)
Net assets	5,787,181	12,117,797	2,351,532	1,436,010	4,960,287	1,785,064
Carrying amount of NCI	2,079,963	955,449	601,948	228,520	1,914,230	803,279
Revenue	7,070,682	2,481,286	3,883,810	2,504,151	8,371,003	1,990,126
Profit/(loss)	1,733,666	179,561	733,393	479,149	(849,760)	313,722
Profit/(loss) allocated to NCI	642,987	14,158	187,735	76,249	(270,301)	141,175

39 SEGMENT INFORMATION

Information regarding the Group's reportable segments is set out below in accordance with "IFRS 8 Operating Segments". IFRS 8 requires reportable segments to be identified on the basis of internal reports that are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") and used to allocate resources to the segments and to assess their performance.

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the MENA. Outside of Qatar, the Group operates through its subsidiaries and associates and major operations that are reported to the Group's CODM are considered by the Group to be reportable segment. Revenue is attributed to reportable segments based on the location of the Group companies. Inter-segment sales are charged at arms' length prices.

For management reporting purposes, the Group is organised into business units based on their geographical area covered, and has six reportable segments as follows:

1) *Ooredoo Qatar* is a provider of domestic and international telecommunication services within the State of Qatar;
2) *Asiacell* is a provider of mobile telecommunication services in Iraq;
3) *NMTC* is a provider of mobile telecommunication services in Kuwait and elsewhere in the Middle East and North African (MENA) region;
4) *Indosat* is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia;
5) *Ooredoo Oman* is a provider of mobile and fixed telecommunication services in Oman; and
6) Others include some of the Group's subsidiaries which are providers of wireless and telecommunication services.

Management monitors the operating results of its operating subsidiaries separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of these reportable segments. Transfer pricing between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

39 SEGMENT INFORMATION CONTINUED

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2014 and 2013:

Year ended 31 December 2014

	Ooredoo Qatar QR'000	Asiacell QR'000	NMTC QR'000	Indosat QR'000	Ooredoo Oman QR'000	Others QR'000	Adjustments and eliminations QR'000		Total QR'000
Revenue									
Third party	7,087,048	6,288,658	9,504,045	7,367,737	2,223,043	736,678	–		33,207,209
Inter-segment	60,994	9,312	74,163	27,097	8,211	112,373	(292,150)	(i)	–
Total revenue	7,148,042	6,297,970	9,578,208	7,394,834	2,231,254	849,051	(292,150)		33,207,209
Results									
Segment profit/(loss) before tax	2,061,281	1,553,533	1,139,112	(588,516)	443,787	(1,059,498)	(469,241)	(ii)	3,080,458
Depreciation and amortisation	748,597	1,205,656	1,838,548	2,651,605	471,678	240,984	469,241	(iii)	7,626,309
Net finance costs	1,111,876	41,157	98,400	764,600	22,879	(7,068)	–		2,031,844

Year ended 31 December 2013

	Ooredoo Qatar QR'000	Asiacell QR'000	NMTC QR'000	Indosat QR'000	Ooredoo Oman QR'000	Others QR'000	Adjustments and eliminations QR'000		Total QR'000
Revenue									
Third party	6,527,293	7,044,480	9,286,904	8,328,871	1,981,430	682,362	–		33,851,340
Inter-segment	62,695	26,202	91,496	42,132	8,696	103,415	(334,636)	(i)	–
Total revenue	6,589,988	7,070,682	9,378,400	8,371,003	1,990,126	785,777	(334,636)		33,851,340
Results									
Segment profit/(loss) before tax	1,501,318	2,423,173	1,884,378	(1,077,590)	412,527	(703,075)	(545,585)	(ii)	3,895,146
Depreciation and amortisation	712,942	1,047,103	1,604,857	3,275,197	374,088	103,077	545,585	(iii)	7,662,849
Net finance costs	1,125,479	17,480	69,158	794,428	20,430	(6,093)	–		2,020,882

i) Inter-segment revenues are eliminated on consolidation.

ii) Segment profit before tax does not include the following:

	2014 QR'000	2013 QR'000
Amortisation of intangibles	**(469,241)**	(545,585)
Impairment of intangibles	–	–
	(469,241)	(545,585)

iii) Amortisation relating to additional intangibles identified from business combination was not considered as part of segment expense.

The following table presents segment assets of the Group's operating segments as at 31 December 2014 and 2013.

	Ooredoo Qatar QR'000	Asiacell QR'000	NMTC QR'000	Indosat QR'000	Ooredoo Oman QR'000	Others QR'000	Adjustments and eliminations QR'000	Total QR'000
Segment assets (i)								
At 31 December 2014	**20,630,223**	**10,726,691**	**25,468,737**	**17,280,107**	**3,644,133**	**9,713,764**	**10,535,692**	**97,999,347**
At 31 December 2013	24,184,671	8,857,432	27,743,561	18,201,410	3,217,092	3,734,715	11,168,218	97,107,099
Capital expenditure (ii)								
At 31 December 2014	**1,317,041**	**2,295,887**	**2,129,621**	**2,063,552**	**803,175**	**4,805,896**	**–**	**13,415,172**
At 31 December 2013	830,876	1,339,812	4,030,160	2,787,936	736,826	66,054	–	9,791,664

i) Goodwill amounting to QR 10,535,692 thousands (31 December 2013: QR 11,168,218 thousands) was not considered as part of segment assets.

ii) Capital expenditure consists of additions to property, plant and equipment and intangibles excluding goodwill and assets from business combinations.

40 CONTRIBUTION TO SOCIAL AND SPORTS FUND

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the group is required to contribute 2.5% of its annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in statement of changes in equity.

During the year, the Group appropriated an amount of QR 47,822 thousands (2013: QR 34,238 thousands) representing 2.5% of the net profit generated from Qatar Operations.

41 DISCONTINUED OPERATION

In May 2013, the Group disposed wi-tribe Limited – Jordan P.S.C. for a net consideration of QR 510 thousands and derecognised net assets amounting to QR 1,581 thousands on the date of disposal. As a result, the Group has recognized a loss of QR 1,071 thousands on disposal of this subsidiary.

On 31 January 2014, the Group completed the legal formalities relating to the disposal of one of its subsidiaries, PTC to Saudi Telecom at a net settlement of QR 77,881 thousands. The net assets of the subsidiary at the date of disposal was QR 55,553 thousands and a gain of QR 46,438 thousands was recognised on this disposal. As a result of this disposal, the Group no longer controls the subsidiary and ceases to consolidate its results and net assets after 31 January 2014.

The consolidated statement of profit or loss and statement of cash flow for the comparative year have been represented to disclose the discontinued operation separately from continuing operations.

Results of discontinued operations

	2014 QR'000	2013 QR'000
Revenue	**18,178**	237,927
Operating expenses	**(1,979)**	(45,019)
Selling, general and administrative expenses	**(8,443)**	(96,015)
Depreciation and amortisation	**(7,283)**	(87,983)
Net finance costs	**7**	(146)
Other income (expense) – net	**89**	10,271
Royalties and fees	**(282)**	(7,891)
Results from operating activities	**287**	11,144
Profit/(loss) on sale of a discontinued operation	**46,438**	(1,071)
Profit for the year	**46,725**	10,073

Cash flows (used in)/from discontinued operations

	2014 QR'000	2013 QR'000
Net cash (used in)/from operating activities	**(158,003)**	123,236
Net cash used in investing activities	**–**	(5,745)
Net cash flows for the year	**(158,003)**	117,491

41 DISCONTINUED OPERATION CONTINUED

Financial position of discontinued operation

	2014 QR'000	2013 QR'000
Assets		
Property, plant and equipment	**4,715**	4,958
Intangible assets	**97,511**	103,282
Inventories	**4,681**	6,036
Trade and other receivables	**69,008**	62,759
Cash and cash equivalents	**41,658**	199,661
	217,573	376,696
Less: Assets of subsidiary disposed	**(217,573)**	(1,560)
Assets held for distribution	**–**	375,136
Liabilities		
Employees benefits	**(13,617)**	(13,408)
Other non-current liabilities	**–**	(40,418)
Trade and other payables	**(307,061)**	(425,092)
Deferred income	**(21,214)**	(21,364)
	(341,892)	(500,282)
Less: Liabilities of subsidiary disposed	**341,892**	(21)
Liabilities held for distribution	**–**	(500,303)
Net liabilities	**–**	(125,167)

	2014 QR'000	2013 QR'000
Net (liability)/assets disposed	**(124,319)**	1,581
Less: Consideration received	**77,881**	(510)
(Gain)/loss on disposal	**(46,438)**	1,071

42 COMPARATIVE INFORMATION

i) Reclassification of comparative information

Corresponding figures for 2013 have been reclassified in order to conform with the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or shareholder's equity.

	As reclassified QR'000	As reported in 2013 QR'000
Consolidated statement of financial position		
Trade and other receivables	**6,835,505**	7,144,061
Trade and other payables	**12,364,647**	12,673,203

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