Enriching people's digital lives

Annual Report 2017

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

Our Vision

Enriching people's digital lives

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Chairman's Message

Growing market leadership

Group Revenue Amount in QR millions	1% ↑
32,735	

Group EBITDA Amount in QR millions	3% ↑
13,783	

Net Profit to Ooredoo Amount in QR millions	–10% ↓
1,967	

Total Customers Millions	18% ↑
164	

Dear Shareholders,
Challenging times bring out the best in great organisations: they encourage faster decision-making and ensure that executives focus on what is truly important.

For Ooredoo, 2017 certainly contained some challenges, but it was also a year in which we achieved some of our most important successes. With a robust and clear-minded strategy in place, we have been able to navigate through turbulent conditions and deliver a strong set of results.

We have long stressed that one of Ooredoo's key strengths lies in our balanced portfolio of operations, which sees the company hold leadership positions in both core and emerging markets. In 2017, whenever our operations faced situations that required a new approach, our teams worked together very closely to overcome the challenges.

Importantly, this period has encouraged us to concentrate on what our company does better than almost anyone else: enrich people's digital lives.

By focusing on this aspect of our business, we have recorded some important milestones over the course of the year.

We surpassed 160 million customers, delivered strong data revenue growth, and enhanced our business-to-business offering. Our operations are now working as digital enablers, delivering innovative new digital services through Information Technology partnerships, including successful trials of optical communications technology in Algeria and a Group-wide network transformation agreement signed at Mobile World Congress in Barcelona.

We have also streamlined our operations and concentrated on the areas where we make the greatest impact and deliver the strongest growth. We have continued to achieve significant savings in 2017, particularly through our focus on centralised purchasing and infrastructure-sharing.

In addition, our efforts to digitise our businesses are delivering strong returns, better utilising resources and empowering customers to enjoy more self-service and self-care through digital channels.

As a result of these efforts, we begin 2018 more resolute than ever before and determined to continue to build our data experience leadership. Ooredoo has the network, the experience and the people in place to continue to diversify our business and lead through network technology.

As you will see in this year's Annual Report, these strengths position us to deliver sustainable growth and development.

Delivering Strong Financial Results

Ooredoo delivered another year of good results in 2017.

FY 2017 Group Revenue increased to QR 32.7 billion, driven by strong contributions from Indonesia, Iraq, Kuwait, Maldives and Oman. Excluding Foreign Exchange translation impact, revenues increased by 2% compared to the reported 1% revenue increase.

"Through each of our bold steps overseas, Ooredoo has developed significant experience. If we had stayed at home, serving two million people, would we have gained such in-depth expertise and forged such strong connections across global markets?

Ooredoo's – and Qatar's – willingness to push outside of its comfort zones has been a key ingredient in our success."

H.E. Sheikh Abdulla Bin Mohammed Bin Saud Al Thani
speaking at Georgetown University in Qatar on 28 November 2017

Our customer base showed further strength, increasing 18% to 164 million, driven by customer acquisition activities in Indonesia, Iraq, Oman, Algeria, Tunisia, Maldives and Palestine.

Group EBITDA increased 3% to QR 13.8 billion with a corresponding increase in EBITDA margin to 42%, indicating a further improvement in operational performance from FY 2016 (41%). Excluding Foreign Exchange translation impact, Group EBITDA increased by 4% year-on-year.

New government levies in Oman and one-off provision reversals in 2016 led to a decrease in Group Net Profit to Ooredoo shareholders by 10% to QR 2.0 billion. Excluding these, the normalised net profit attributable to Ooredoo shareholders increased by 1%.

Ooredoo saw data revenue increasing to 46% of Group revenue in 2017, driven by significant data growth from consumer and enterprise customers. Revenue from data contributed QR 15.3 billion in 2017, up 16% from QR 13.1 billion in 2016.

Group B2B revenue stood at QR 5.5 billion in 2017, reflecting Ooredoo's ongoing investment to support the growth of businesses, SMEs and governmental clients.

Enhancing global leadership in data and innovation

In each of our markets, Ooredoo is working to be the leader in data and innovation services, enabling people to enjoy connections with friends and family, enhance their digital and real-life journeys, and share their favourite videos and music with their personal networks.

These investments delivered results in terms of both cutting-edge mobile technology and mass market service, enabling more people to access the benefits of data.

One of our proudest moments of the year was the launch of Wataniya Mobile's operations in Gaza, Palestine, with the largest investment in telecommunications in Gaza in nearly two decades.

We also expanded access to 4G services, with Ooredoo Algeria launching 4G services in 28 new provinces, and Ooredoo Myanmar bringing 4G services to more than 15 million people in 200 townships.

Looking to next-generation network services, Ooredoo Qatar became one of the world's first companies to offer "5G Speed Experiences," with download speeds of up to 1 Gbps demonstrated during Qatar National Day in December.

We also received global recognition for enabling Qatar to have the fastest average broadband connection speeds in the Middle East and North Africa, and seventh-fastest in the world, and for leveraging the power of broadband for sustainable development.

New customers 25.5million

Enhancing global leadership

In each of our markets, Ooredoo is working to be the leader in data and innovation services.

At Group level, we are seeing strong results from our partnerships with Secucloud, to deliver cloud-based device security, and with iPass, on global Wi-Fi services, for customers across our region.

Our operating companies continued to lead in-market innovation.

Ooredoo Kuwait partnered on the first Voice Over LTE (VoLTE) inter-connection in the Middle East and North Africa. Ooredoo Maldives launched a new digital engagement platform: Ooredoo Next. Ooredoo Oman's Fast Home Broadband now covers a record high of more than 60 Wilayat (states), enabling more customers than ever to enjoy the internet.

Collectively, these innovations ensure that Ooredoo is able to deliver incredible internet experiences across our markets, and build Ooredoo's internal resources of knowledge and expertise.

Investing in and giving back to our global communities

Complementing our mobile and business services, Ooredoo continues to look for opportunities to enrich people's digital lives in their communities.

Mobile Money services are fuelling the cashless economy and ensuring that the underbanked have access to development opportunities.

Our efforts in this area are highlighted by Ooredoo Myanmar, which successfully launched the mobile wallet M-Pitesan in 2017.

By the end of the year, Ooredoo Myanmar had onboarded a nationwide network of agents and a solid base of enthusiastic customers, providing a strong foundation for the launch of more mobile financial services in 2018. Other markets are also making important strides, such as Qatar, where Mobile Money Payroll Services provide safe and secure salary transfers for tens of thousands of workers.

Mobile data also supports the expansion of education. In Iraq, Asiacell's partnership with the Wikipedia Zero project offered free access to Wikipedia to 12 million mobile customers, opening a world of information and educational opportunities.

Ooredoo continued to support the GSMA's Mobile for Development programme, which recognised the success of Ooredoo Myanmar's Site Pyo app to improve farmers' lives by providing information that can improve crop yields.

In Indonesia, Indosat Ooredoo saw strong momentum on innovative social development initiatives, such as the Smart City platform Kota Digital, and the INSPERA initiative that aims to empower underprivileged women to turn them into entrepreneurs.

Supporting and developing sustainable leadership

As a community-focused international company, Ooredoo is committed to having the right people in place to evolve our global and in-market business strategies.

In 2017, we welcomed new CEOs at Ooredoo Oman, Ooredoo Maldives, Indosat Ooredoo, and Ooredoo Myanmar, bringing in senior telecommunications executives to sustain and grow our leadership positions.

We continued to look to recruit and develop strong young talent in each of our national operations, with a broad range of programmes designed to develop indigenous leadership across our markets.

We also took a number of steps to ensure the stability and liquidity of our finances. Ooredoo Maldives was the largest and most successful Initial Public Offering in the history of the Maldives. During the IPO, Ooredoo Maldives PLC raised more than MVR 421 million, constituting more than 14 million shares or 9.5% of the issued paid-up shares of the company, attracting more than 8,000 new investors.

Reflecting our prudent financial strategy, all three rating agencies assigned strong investment-grade ratings on their long-term outlook on Ooredoo (Standard & Poor's: A-; Moody's: A2; and Fitch: A).

We also de-listed from the London Stock Exchange, as investors can now easily trade Ooredoo securities on the Qatar Stock Exchange.

Dividends

In line with our stated strategy, the Board of Directors is pleased to recommend to the General Assembly the distribution of a cash dividend of 35% of the nominal share value (QR 3.5 per share).

The Board and Governance

The Ooredoo Board has been fundamental in driving Ooredoo's global leadership in innovation and data experience. I would like to thank the Board Members for their contribution to the company's success.

Under their guidance, we will leverage our extensive global experience to extend our efforts to enable all our customers to enjoy the full benefits of access to the internet.

I would also like to thank our customers, our shareholders and our employees for their remarkable support and commitment in 2017.

I will close by offering our sincere appreciation to His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, for his visionary leadership.

His Highness has led Qatar's bold vision for nationwide transformation, and is enabling the people of Qatar to fully realise their potential. As a proud Qatari company, Ooredoo is fully committed to supporting his vision, committing our efforts to support digital transformation, as well as economic, social, human, and environmental development.

This year has demonstrated the importance of effective leadership and the incredible achievements we can realise when we work closely together.

Abdulla Bin Mohammed Bin Saud Al Thani
Chairman

11 February 2018

Group CEO’s Message

Delivering a stronger digital impact

Dear Shareholders,
As you will see from this year’s Annual Report, 2017 was a transformative year for Ooredoo.

We recognised our core strengths as a company, and ensured that key areas are fully resourced and future-ready. At the same time, we have streamlined operations where necessary, increased operational efficiency, and introduced new digital innovations that enable smarter communication and faster decision-making.

As a result, we are now ready to seize opportunities as they present themselves, and also to respond nimbly and decisively to market challenges. I believe that we have shown our capacity to adapt and collaborate throughout 2017. I hope you will share my optimism that this responsiveness and market readiness are strengths that will serve us well in the future.

Looking ahead, we see an opportunity for our operations to become “Digital Enablers.”

In this message, I outline the steps we have taken to bolster our market leadership, and ensure that Ooredoo's growth plans are secure and sustainable. I would also like to highlight the opportunities we see to further develop our professional offering and take our business to the next level in terms of operational growth and returns for our stakeholders.

Enriching people's digital lives

As His Excellency the Chairman has outlined, one of Ooredoo's main areas of expertise is our capacity to enable customers across our markets to access and enjoy the internet.

We have expanded this expertise on a number of levels. The company has developed strong in-house resources and a broad range of partnerships that can support the roll-out of cutting-edge networks that support fast, video-quality internet experiences. As a group, we are now one of the leading companies in building 4G networks in emerging markets. Ooredoo is a global leader in pioneering 5G speed experiences, starting with our home market of Qatar.

We have also developed a strong portfolio of digital content and services that make us our customers' first choice for entertainment and education, as well as a preferred partner for developers and content suppliers. Supported by smarter distribution networks, these factors are positioning us as market leaders across our footprint.

Ooredoo is using these leadership positions to gain more value share from our markets and deliver a stronger social impact. In 2017, the United Nations' report "State of Broadband 2017" highlighted Ooredoo's work in this area, citing the remarkable results of our digital education programmes in the Maldives and Indonesia, and our mobile farming service in Myanmar.

We will continue to build on these strong foundations, reaching out to customers across our markets with the clear, impactful message of "Enjoy the internet," which we believe will deliver strong results.

Leveraging the strength of the Ooredoo brand

This clear new messaging aligns with our history as an engaging company. In 2018, we will celebrate the fifth anniversary of the Ooredoo brand, which was launched at Mobile World Congress in Barcelona in 2013. It is worth recalling that the launch was met with some scepticism and resistance at the time, particularly from those who felt the new Ooredoo brand could not live up to the strength and equity of our old legacy brands.

Five years on, it is evident that the unifying strength and clarity of the Ooredoo brand is now one of our strongest assets. In February, a report from Brand Finance said that Ooredoo was the fastest-growing of any of the major telecoms brands in the region, rising 48% in value between 2016 and 2017, and featured in the top 50 telecoms brands in the world.

With an estimated value of USD 3.1 billion in 2017, the Ooredoo brand is becoming one of the most widely recognised communications brands in the world today.

We will continue the roll-out of our brand in 2018, building on the appeal and connectivity of the brand to attract to young customers in particular. Given the demographics of our region, with young people the fastest-growing segment and a majority of the populations under 25 years old, we believe our brand value will be a key factor in our ongoing success.

Adapting for the future

Looking ahead, we see an opportunity for our operations to become "Digital Enablers," and to move beyond traditional telecoms products and services to offer digital solutions for businesses and consumers.

Ooredoo is already executing on this vision, enhancing the range of digital channels available to customers for self-service and self-care. We are also investing significantly in boosting the digital skillsets of our employees, and expanding the number of ICT and OTT partnerships in play, to provide a comprehensive universe of digital services.

Throughout our markets, there are a significant number of small, medium, and large enterprises that are integrating digital services across their operations. Ooredoo stands out as the company that provides both the networks to manage the disruptive demand for bandwidth and the expertise required to execute these innovative solutions.

Looking forward, we see a clear business opportunity in making this shift, in terms of diversifying our operations and bringing in more revenue from digital sources. We also see significant scope for optimising our costs by applying digital solutions.

Supporting social change through mobile services

Alongside these significant business initiatives, our teams remain very active in their local communities, deploying the power of our networks to give people access to the services and support that they need.

In 2017, Ooredoo expanded its support for the United Nations' Sustainable Development Goals, supporting initiatives in nine key areas, including poverty eradication, enhanced health and well-being, quality education, gender equality, good jobs and economic growth.

Each of these initiatives has been distinguished by the commitment and engagement of Ooredoo employees, who have contributed with time and creativity across all of our markets. Our employees are one of our strongest assets and I continue to be impressed by the dedication so many of my colleagues have shown to good causes, ranging from organising a marathon in Qatar through to staffing mobile health clinics in Indonesia, the Maldives, Myanmar, and Tunisia, and even providing humanitarian relief in Mosul, Iraq.

Ooredoo will continue to support these efforts in 2018, and will even go one step further, instituting a volunteering framework that will activate employees to engage in volunteering activities in impactful, cost-effective ways, and to maximise the long-term social impact.

I know that shareholders are keen for Ooredoo to continue to improve our environmental, social, and corporate governance metrics, and I believe that our new volunteer framework will be a significant step in this area.

USD 3.1 billion

Estimated brand value in 2017

Looking ahead

We are confident that Ooredoo will continue to deliver sustainable value for our customers, shareholders and communities in 2018 and beyond. We have world-class networks in place, supported by a common brand identity, and a clear mission to become digital enablers for business customers and consumers.

I thank our Board, our customers, our shareholders, and our employees for their continued engagement and support.

Finally, I would like to add my voice to the Chairman's in thanking His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar. Looking back, 2017 was one of the most remarkable and eventful years in the history of our company, and it is the wisdom, leadership and impressive courage of our leadership that stands out most in our memory.

Sauod Bin Nasser Al Thani
Group CEO

11 February 2018

Our Board of Directors

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

His Excellency Sheikh Abdulla Bin Mohammed Bin Saud Al Thani has been Ooredoo's Chairman of the Board of Directors since July 2000, and CEO of Qatar Investment Authority since December 2014. His Excellency has held several high-profile positions in Qatar, including the Chief of the Royal Court (Amiri Diwan) from 2000 to 2005, and was a Member of the Planning Council in Qatar. His Excellency has a diverse background in the aviation field and as a senior business leader. His Excellency's wide experience in and knowledge of the fields of administration, government and international relations enrich the Board considerably.

H.E. Ali Shareef Al Emadi
DEPUTY CHAIRMAN

His Excellency Ali Shareef Al Emadi joined Ooredoo's Board of Directors in March 1999. He has been serving as the Minister of Finance for the State of Qatar since June 2013. He has held leadership positions at a number of key Qatari institutions, including as the Secretary-General of the Supreme Council for Economic Affairs and Investment, a member of the Supreme Committee for Delivery & Legacy, Chairman of Qatar National Bank and Chairman of Qatar Airways. His Excellency brings significant experience and knowledge in the fields of finance and banking to Ooredoo, thanks to his 25+ years of experience in the field.

H.E. Mohammed Bin Eissa Al Mohannadi
MEMBER

His Excellency Mohammed Bin Eissa Al Mohannadi joined Ooredoo's Board of Directors 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 for Cabinet Affairs. His Excellency Mohammed Bin Eissa Al Mohannadi's considerable experience in and knowledge of administration, finance and government greatly support the Ooredoo Board.

H.E. Turki Mohammed Al Khater
MEMBER

His Excellency Turki Mohammed Al Khater, who joined the Board in 2011, is the President of General Retirement and Social Insurance Authority, Chairman of United Development Company QSC (UDC) and a Board Member of Masraf Al Rayan. 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 Ooredoo Board.

Dr. Nasser Marafih
MEMBER

Dr. Nasser Marafih, who joined the Board in 2015, is an advisor to the Chairman of the Board. Previously, he served as the CEO of Ooredoo Group from 2006 to 2015 and as Ooredoo Qatar CEO from 2002 until 2011. Dr. Nasser serves as Chairman of the Board of the GSMA Mobile for Development Foundation and as a member of the Board of GSMA. As advisor to the Board, he brings unmatched understanding of the communications sector.

Nasser Rashid Al Humaidi
MEMBER

Mr. Nasser Rashid Al-Humaidi, who joined the Board in 2011, is Group Chief Operating Officer for Barwa Bank Group. Prior to his current positions, he undertook a range of administration, business and information technology roles in multi-industry sectors, including utilities, telecom, oil & gas, real estate and banking; contributed to national steering committees and was an advisor in the field of ICT. He brings a wealth of business and technology experience to the Ooredoo Board.

Aziz Aluthman Fakhroo
MEMBER

Mr. Aziz Aluthman Fakhroo, who joined the Board in 2011, is currently the Deputy Undersecretary for Financial Affairs at the Ministry of Finance. Prior to his current position, he was the Assistant to the Undersecretary of Public Budget Affairs at the Ministry of Finance. He was previously an Acting Director in the Mergers and Acquisitions Department of Qatar Holding LLC, part of the Qatar Investment Authority and Founder and CEO of Idealys. He currently represents Qatar Holding on the Boards of United Arab Shipping Company, Canary Wharf Group and Chelsfield LLP. He brings a strong business background and deep understanding of technology to the Board.

Khalifa Matar Almheiri
MEMBER

Mr. Khalifa Matar Almheiri, who joined the Board in 2015, is the Executive Director, Alternative Investments Department of the Abu Dhabi Investment Authority (ADIA), overseeing the department's investments in the hedge fund industry. He is the Vice Chairman of ADIA's Management Committee. Prior to his current position, he held a range of positions in ADIA, including Executive Director of the Information Technology Department and senior positions in the Far East and Europe. Mr. Khalifa Matar Almheiri brings significant experience in business and technology to the Board.

Mohamed Ahmed Al Qamzi
MEMBER

Mr. Mohamed Ahmed Al Qamzi joined the Board in 2015 and is the Executive Director for the Internal Equities Department of the Abu Dhabi Investment Authority (ADIA). Since joining ADIA in 1996, he has assumed different responsibilities and played an active role in the organisation. In addition, he is a member of the National Consultative Council for the Emirate of Abu Dhabi, a Board member at the National Marine Dredging Company, and a Board member at the Khalidiya Co-Operative Society. He brings a strong financial background to the Board.

Ibrahim Abdullah Al Mahmoud
MEMBER

Mr. Ibrahim Abdullah Al Mahmoud joined Ooredoo's Board in March 2014. He has held board-level positions with a number of insurance companies and in academic organisations including Qatar Foundation for Education, Science and Community Development and Calgary University in Qatar.

Operational and Financial Highlights

Maintaining a solid structure

Ooredoo produced positive results in 2017, with solid financial and operational performance across its markets.

The Group successfully implemented its digital strategy throughout the year, increasing its customer base by 18% to reach a total of 164 million by year-end 2017.

A recognised data experience leader, Ooredoo provides 4G networks in eight out of ten countries of operations, and is playing a crucial role in providing the necessary connectivity to drive economic and social development across its footprint.

Revenue
Amount in QR millions

1% ↑

32,735

2013	33,851
2014	33,207
2015	32,161
2016	32,503
2017	32,735

Net profit attributable to Ooredoo shareholders
Amount in QR millions

–10% ↓

1,967

2013	2,579
2014	2,134
2015	2,118
2016	2,193
2017	1,967

EBITDA & EBITDA margin (%)
Amount in QR millions

3% ↑

13,783

2013	43%	14,640
2014	39%	12,948
2015	40%	13,018
2016	41%	13,379
2017	42%	13,783

Earnings per share
Amount in QR

–10% ↓

6.14

2013	8.05
2014	6.66
2015	6.61
2016	6.84
2017	6.14

Net profit to Ooredoo QR 1,967m

Ooredoo provides 4G networks in eight out of ten countries where it operates.

Dividend per share
Amount in QR (Note A)

3.50

2013	4.00
2014	4.00
2015	3.00
2016	3.50
2017	3.50

Capital expenditure & Capital expenditure to Revenue (%) **–24%**
Amount in QR millions (Note B)

4,541

2013	27%	9,298
2014	25%	8,391
2015	27%	8,762
2016	18%	5,982
2017	14%	4,541

Revenue by region

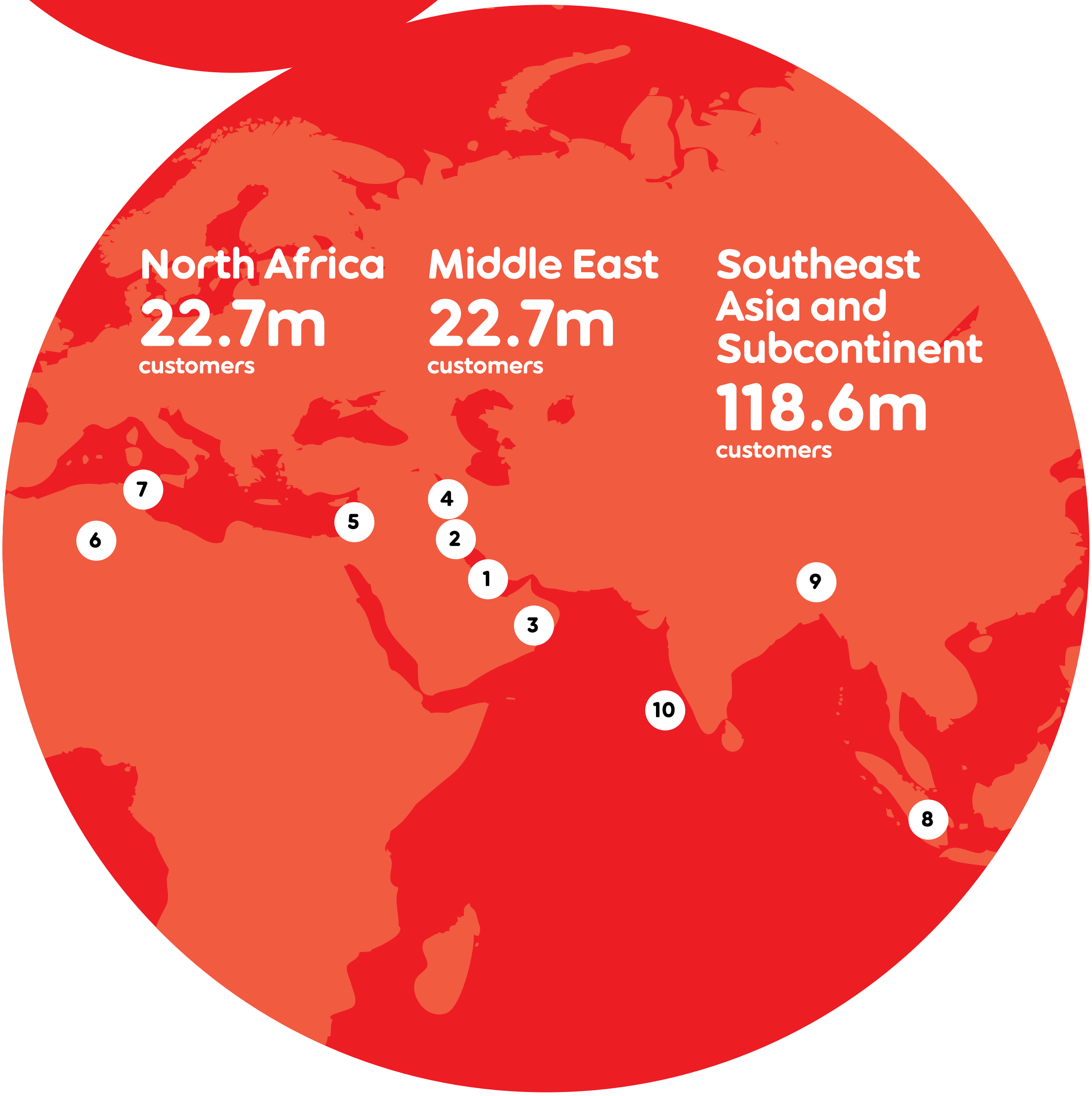
54% Middle East
31% Southeast Asia and Subcontinent
15% North Africa

Note A 2017 represents proposed dividend.
Note B Capital expenditure does not include licence costs.

Our Reach

Global footprint

Ooredoo is a global communications company with headquarters in Qatar, and a consolidated global customer base of 164 million as of 31 December 2017. It operates networks in the Middle East, North Africa and Southeast Asia and Subcontinent.



164m

Total customers

9bn

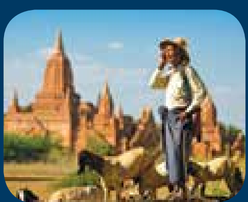
Revenue (USD)

Middle East

Ooredoo's operations in the Middle East include Ooredoo Qatar, Ooredoo Oman, Ooredoo Kuwait, Asiacell (Iraq) and Wataniya Mobile Palestine. Ooredoo built its data experience leadership in 2017 by enhancing 4G+ services across the region, officially launching operations in Gaza, and offering 5G Speed Experiences in Qatar.

North Africa

Ooredoo's operations in North Africa include Ooredoo Algeria and Ooredoo Tunisia. Both markets consolidated their market leadership in 2017, with the launch of 4G services in 28 new provinces in Algeria and the launch of a new point of presence in Europe for Ooredoo Tunisia.



Southeast Asia and Subcontinent

Ooredoo's operations in Southeast Asia and Subcontinent include Indosat Ooredoo in Indonesia, Ooredoo Maldives and Ooredoo Myanmar. Ooredoo significantly expanded its data experience in the region in 2017, bringing 4G network service to more than 15 million people in Myanmar, gaining 5MHz of the 2.1GHz radio frequency in Indonesia, and launching a new digital engagement platform, Ooredoo Next, in the Maldives.

		Ooredoo effective stake	Country population	Mobile penetration	Market share
1	**Qatar (Ooredoo[1])**	100.0%	2.6m	168%	69%
2	**Kuwait (Ooredoo[2])**	92.1%	4.5m	160%	31%
3	**Oman (Ooredoo)**	55.0%	4.6m	150%	43%
4	**Iraq (Asiacell)**	64.1%	39.0m	87%	38%
5	**Palestine (Wataniya[2])**	44.6%	5m	79%	26%
6	**Algeria (Ooredoo[2,4])**	74.4%	42.2m	99%	34%
7	**Tunisia (Ooredoo[2,5])**	84.1%	11.5m	126%	40%
8	**Indonesia (Indosat Ooredoo)**	65.0%	264.0m	179%	29%
9	**Myanmar (Ooredoo)**	100.0%	56.3m	92%	15%
10	**The Maldives (Ooredoo[2,3])**	83.3%	0.4m	217%	48%

[1] Operations integrated within Ooredoo Q.P.S.C.; also holds 72.5% of Starlink Qatar.

[2] Operations integrated within NMTC.

[3] Holds 65% of WARF Telecom International Private Limited as a subsidiary.

[4] 9% of Ooredoo Algeria is held directly by Ooredoo Q.P.S.C.

[5] 15% of Ooredoo Tunisia is held directly by Ooredoo Q.P.S.C.

Key Moments

Highlights of the past year

JAN

Innovative optical communication

Ooredoo Algeria achieves two technology breakthroughs

Ooredoo Algeria launched 4G services in 28 new provinces, taking the total number of 4G-enabled providers to 31 in January. The company also achieved one of the first successful trials of innovative optical communications technology, between Algiers and Ain Defla, supporting high capacity-based solutions for customers.

FEB

Top 50

Ooredoo named as one of the world's Top 50 telco brands

Ooredoo was listed in the Top 50 of the world's 500 most valuable telecoms brands, appearing at 47th, in an annual survey by Brand Finance in February. The ranking reflects the remarkable progress made and profile achieved since the brand was launched in 2013.

Sicily Hub

Ooredoo Tunisia lands in Sparkle's Sicily hub in Palermo and expands reach across Europe

Ooredoo Tunisia successfully expanded its reach by connecting its network through the Sicily Hub of Sparkle, the International Services arm of TIMGroup. Through the agreement, Ooredoo Tunisia gained a new Point of Presence in Europe, and is now able to offer an enhanced data experience for consumers and businesses. The Sicily Hub point of presence provides access to the 19 submarine cable ecosystem connecting Europe to Africa.

Wikipedia Zero

Asiacell offers free access to Wikipedia in Iraq

Asiacell announced a partnership with the Wikipedia Zero project to offer free access to Wikipedia to 12 million mobile customers in February. Wikipedia Zero waives mobile data fees for customers who access Wikipedia, as part of a project designed to enrich and share knowledge of Iraq's cultural history with the world.

MAR

Modernised networks

Ooredoo Group and Ericsson sign a network transformation agreement

Ooredoo signed a network transformation agreement with Ericsson at Mobile World Congress in March, to provide network technology and access to the company's services organisation and solutions portfolio. As a result, Ooredoo could continue to modernise its networks, and ensure that cutting-edge technologies were shared faster with customers around the world.

4.5G Pro Network

Ooredoo Qatar launches 4.5G Pro network

Also at Mobile World Congress, Ooredoo Qatar officially launched its 4.5G Pro network, with peak speeds of 800Mbps, to provide a leading data experience on the Ooredoo Supernet. Ooredoo Qatar became the first operator in the Ooredoo Group, the first operator in the Middle East, and one of the first operators in the world, to launch 4.5G Pro services.

In 2017, Ooredoo achieved a number of significant development and growth milestones. Here are some of the major highlights of a busy year.

APR

Top 10

Ooredoo ranked in the Top 10 of the Middle East's most valuable brands

Ooredoo was named as one of the Middle East's Top 10 most valuable brands in April, according to Brand Finance. Ooredoo ranked in sixth place in 2017, thanks to its successful rebranding, expansion across the Middle East, Africa, and Southeast Asia, and growing brand value.

M-Pitesan

Ooredoo announces plans to launch Mobile Money Services in Myanmar

Ooredoo and Co-operative Bank announced plans for mobile money services in Myanmar in April, which was successfully launched in September 2017. Using the mobile wallet M-Pitesan, customers can send money instantly within the country. By the end of the year, Ooredoo Myanmar had on-boarded a nationwide network of agents and a solid base of enthusiastic customers, providing a strong foundation for the launch of more mobile financial services in 2018.

MAY

Ramadan campaign

Ooredoo shares message of connection for the Holy Month of Ramadan

During Ramadan, Ooredoo saw strong success by promoting a new regional campaign that supported the values, traditions, and practices of the Holy Month with innovative digital technology. Ooredoo's Ramadan campaign saw millions of views across its social media platforms, with many customers downloading a special Ramadan-themed digital keyboard and using a special Snapchat filter.

"Dima Plus"

Ooredoo Algeria receives the Dale Carnegie Leadership Award and the "Grand Format d'Or" award

Demonstrating Ooredoo Algeria's creativity and leadership in its market, the company won the Dale Carnegie Leadership Award, in recognition of Ooredoo Algeria's Human Resource development policy, and the Grand Format d'Or Award, in recognition of the "Dima Plus" 4G commercial launch poster.

JUN

8,257 investors

Ooredoo Maldives has the largest and most successful IPO in the Maldives

Ooredoo Maldives became the largest and most successful Initial Public Offering in the history of the Maldives, following its Initial Public Offering from 30 April through 23 June. During the IPO, Ooredoo Maldives PLC raised more than MVR 421 million, constituting more than 14 million shares or 9.5% of the issued paid-up shares of the company, attracting 8,257 investors.

Highlights of the past year

JUL

A2
long-term
issuer

Excellent liquidity position

Moody's affirms A2 Long-Term Issuer Rating of Ooredoo

Ooredoo received an A2 long-term issuer rating from Moody's Investors Service, thanks to Ooredoo's robust standalone credit profile, the optimisation of the existing portfolio of assets, and the company's excellent liquidity position.

AUG

VoLTE

Ooredoo Kuwait launches the first local VoLTE interconnection in the Middle East and North Africa

Ooredoo Kuwait was one of the partners on the launch of the first local Voice Over LTE (VoLTE) interconnection in the Middle East and North Africa in August. The service provides a fully operational and stable interconnection experience during phone calls on supported devices.

SEP

mAgri app Site Phyo

UN report praises Ooredoo for contribution to sustainable development

The United Nations' report "The State of Broadband 2017" praised Ooredoo for showcasing best practices in harnessing broadband for sustainable development. Examples include Ooredoo Myanmar's mAgri app Site Phyo for farming conditions, Ooredoo Maldives' Smart Campus connected education solution with Microsoft, and Indosat Ooredoo's Indonesia Belajar's digital education programme.

Award winning

Ooredoo wins at the Middle East Investor Relations Awards 2017

Ooredoo won three awards at the Middle East Investor Relations Association Awards in September. Ooredoo won "Best Corporate for Investor Relations" and "Best Investor Relations Professional" for Qatar, and second place for "Best Investor Relations Website" in the Middle East.

Fast Home Broadband

Ooredoo Oman delivers Fast Home Broadband to more than 60 districts

Ooredoo Oman's "Fast Home Broadband" services covered a record high of more than 60 Wilayats (districts) in September, allowing customers to enjoy the internet even more. The growing reach of Ooredoo's Fast Home Broadband services continued to deliver buffer-free, uninterrupted, and secure high-speed internet to communities across Oman throughout the year.

Ooredoo Next

Ooredoo introduces new digital engagement platform in the Maldives

In the Maldives, Ooredoo launched its new digital engagement platform, Ooredoo Next, in partnership with FastForward.ai, a Silicon Valley customer engagement company. Ooredoo Next allows mobile users in the Maldives to easily engage with Ooredoo inside Facebook Messenger and check best offers, best data add-ons, or manage their Ooredoo services using real-time automated answers.

OCT

Gaza operations

Wataniya Mobile Palestine launches operations in Gaza

Wataniya Mobile Palestine, a member of Ooredoo Group, officially launched its operations in Gaza, with the largest investment in telecommunications in Gaza in nearly two decades. Wataniya Mobile Palestine can now provide the residents of Gaza with an alternative option for advanced communications services directly through its shops and authorised dealers in the Strip.

5MHz

Indosat wins 5MHz of 2.1GHz from the Indonesian government

Indosat was able to further enhance its mobile broadband internet services in October, after winning 5MHz of the 2.1GHz radio frequency in an auction held by the Indonesian government. Additional spectrum has enabled Indosat to provide 3G and 4G network services to its customers across Indonesia.

NOV

Global Wi-Fi Services

Ooredoo Partners with iPass to offer Global Wi-Fi

Ooredoo Global Services, the wholesale arm of Ooredoo, announced a partnership with iPass, a leading provider of global mobile connectivity, in November. Starting from Q1 2018, Ooredoo will provide global Wi-Fi services to its customers across the Middle East, North Africa, and Southeast Asia using the iPass SmartConnect SDK.

15 million people

Ooredoo Myanmar announces significant network expansion

Ooredoo announced major expansion plans in Myanmar, bringing 4G network service to more than 15 million people in 200 townships by the end of 2017. Ooredoo partnered with Nokia and ZTE to ensure on-time rollout and optimal performance, supporting extra levels of speed and browsing for customers.

DEC

5G Speed

Ooredoo launches 5G Speed Experience in Doha for Qatar National Day

Ooredoo launched one of the world's first "5G Speed Experiences," for a select number of VIP customers, to commemorate Qatar National Day in December 2017. The "5G Speed Experience" offers an extremely high-speed and low latency network with initial speeds of up to (and in some cases exceeding) 1Gbps.

Transforming our business

Enabling the Digital Age

In 2017, Ooredoo evolved its vision to "Enriching people's digital lives", to reflect its aspiration to continue to exceed the needs and expectations of consumer, business and governmental customers across its markets by delivering superior products, services, and customer experiences in the Digital Age.

LEAD Strategy now includes the following pillars:

Market Leader

Ooredoo expects its operating companies to continue to be leaders in their markets through smarter distribution and leading data networks, and by becoming the preferred digital partners of OTTs, OEMs, consumers and businesses in their markets.

Performance Culture

Ooredoo intends to foster a radical culture transformation so that it becomes lean and agile, and to ensure that all employees become digitally skilled throughout the organisation.

Efficient Models

Ooredoo intends to continue to improve its organisational efficiencies by leveraging advanced analytics, re-engineering its cost models, leveraging its Group efficiencies, and moving customer interactions from physical to digital channels.

Extend and Leverage

Ooredoo's growth strategy will continue to include opportunistically exploring expansion opportunities, as well as specific opportunities to consolidate its leadership position in each market in the areas of connectivity, consumer content, and/or business-to-business or ICT solutions.

Growth > Market ⟵ Results ⟶ ROCE > WACC

Value Creation (Free Cash Flow + ROCE)

As part of this bold new vision, Ooredoo aims to digitally transform its business, so that its operating companies become "Digital Enablers" and move beyond traditional telecom products and services by enabling digital services through partnerships with ICT and over-the-top players.

In order to achieve this vision, Ooredoo launched a Group-wide transformation programme, called "Get Digital!", that includes specific digital ambitions both at the Group and operating company levels.

This in turn required new thinking with Ooredoo's long-term LEAD Strategy, which was updated in 2017 to include specific priorities below each pillar to deliver on Ooredoo's digital aspirations, and to add a fourth pillar – "Extend and Leverage" to reflect its diversification priorities.

2017 Awards and Industry Recognition

An industry leader

Our awards highlights from 2017 include:

January

Internationalist Awards for Innovation
Ooredoo Qatar: Stand for Good

February

MENA Cristal Awards
Ooredoo Qatar: Culture, Entertainment, Games, Sports – Stand for Good

Ooredoo Qatar: Best Use of Integration of Gaming – Stand for Good

MENA Digital Awards
Ooredoo Qatar: Digital Cause Marketing – Stand for Good

May

GTB Innovation Awards
Ooredoo led all telecoms companies by taking home 7 awards:

Indosat Ooredoo: Consumer Service Innovation – Freedom Combo

Indosat Ooredoo: Software and Applications Innovation – Churn Reduction Through Real-Time Bad Network Experience Detection

Ooredoo Myanmar: Infrastructure Service Innovation – 4G Services Launch in Myanmar

Ooredoo Qatar: Infrastructure Service Innovation – Virtualised Consolidation Platform for Messaging and VAS Project

Ooredoo Maldives: Enterprise Service Innovation – Ooredoo Smart Campus

Ooredoo Tunisia: Consumer Service Innovation – Customer-Centric Transformation Programme

Ooredoo Tunisia: Enterprise Service Innovation – Customer-Centric Transformation Programme

International Business Stevie Awards
Ooredoo Group: Company of the Year – Telecommunications

Ooredoo Group: Best New Product or Service of the Year (Software – Cloud Platform) – UNIFY Data Centres

Ooredoo Group: Best Website (Telecommunications)

Ooredoo Group: Best Investor Relations Website

Indosat Ooredoo: Best New Product or Service of the Year (Consumer Services) Freedom Combo

Indosat Ooredoo: Corporate Social Responsibility Program of the Year in Asia (China, Japan and Korea) – INSPERA

Indosat Ooredoo: Best New Product or Service of the Year (Software: IoT Analytics Solution) – IoT Connect

Indosat Ooredoo: Best New Product or Service of the Year (Software – Platform as a Service) – Kota Digital

Indosat Ooredoo: Best New Product or Service of the Year (Telecommunications – Service) – 4.5G Services

Indosat Ooredoo: Best Mobile Site and App (Education, Reference, and Training): My IM3

Ooredoo Algeria: Corporate Social Responsibility Program of the Year in the Middle East and Africa – Mobile Health Clinics

Ooredoo Maldives: Most Innovative Company of the Year – Up to 2,500 Employees

Ooredoo Maldives: Best New Product or Service of the Year (Software – Payments Solution) – m-Faisaa

Ooredoo Oman: Best Mobile Site and App (Education, Reference, and Training) – Self-Care App

Ooredoo Qatar: Most Innovative Company of the Year – 2,500 or More Employees

Ooredoo Qatar: Youth Marketing Campaign of the Year – Stand for Good

Ooredoo marked another banner year of telecommunications accolades for both the Group and the operating companies, with more than 40 awards.

Our award wins recognise our industry-leading communications products and services, our support for nationwide digital transformation agendas, and our commitment to enriching people's daily lives through the power of mobile services. We would like to thank all of our hard-working teams that are realising our vision every day.

Asia Communications Awards
Indosat Ooredoo: Smart Cities Award

Ooredoo Myanmar: Best Network Transformation Initiative

Tunisian Ministry of Social Affairs
Ooredoo Tunisia – Social Progress Award

June

Asia Pacific Stevie Awards
Indosat Ooredoo: Innovation in Technology Management, Planning & Implementation – Telecommunications Industries

Indosat Ooredoo: Innovation in Living, Learning, and Working Environments

Indosat Ooredoo: Innovation in Community Relations or Public Service Communications – Telecommunications

Ooredoo Myanmar: Innovation in Technology Management, Planning & Implementation – Telecommunications Industries

August

International Business Awards (Stevies)
Ooredoo received 16 International Business Awards, led by gold awards in:

Ooredoo Group: Best Investor Relations Site

Indosat Ooredoo: Best New Product or Service of the Year (Software – IoT Analytics Solution) – IoT Connect

Ooredoo Oman: Best New App (Education & Reference) – Self-Care App

September

GTB Asia Telecoms Innovation Awards
Ooredoo Myanmar: Software and Application Innovation – Site Pyo Application

Ooredoo Myanmar: Infrastructure Innovation – 4G Network Transformation

Middle East Investor Relations Association Awards
Ooredoo Group: Best Corporate for Investor Relations

Ooredoo Qatar: Best Investor Relations Professional

Ooredoo Qatar: Best Investor Relations Website in the Middle East

October

Broadband World Forum Awards
Ooredoo Qatar: Best Smart City Collaboration

November

World Communication Awards
Indosat Ooredoo: Smart Cities Award – Kota Digital

Ooredoo Qatar: The Broadband Pioneer Award – Supernet

Our Businesses

Revenue
QR 32,735m

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

Enhancing customer experience

Our Businesses continued

Ooredoo Qatar

Operator importance to Group

Customers
2%

Revenue
24%

EBITDA
28%

Capex
18%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	6,590	7,148	7,897	8,007	7,791
EBITDA QR millions	3,273	3,448	3,995	4,050	3,916
EBITDA margin	50%	48%	51%	51%	50%
Blended ARPU* QR	133.0	128.1	118.5	120.9	112.8
Employees	1,715	1,614	1,554	1,530	1,490

* Blended ARPU is for the three months ended 31 December.

Overview

Ooredoo is Qatar's leading communications company, and the flagship operator of the Ooredoo Group (Ooredoo Q.P.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 development and supporting Qatar's rapidly growing knowledge-based economy, in line with the Qatar National Vision 2030.

Ownership

Ooredoo in Qatar is 100% owned and managed by Ooredoo (Ooredoo Q.P.S.C.).

Highlights

Ooredoo Qatar demonstrated its organisational responsiveness and strong links with the community in 2017. Overall, the company is very proud of how it responded to the challenging economic conditions, and of the commitment and creativity shown by employees throughout the year.

Against a challenging economic backdrop, Ooredoo succeeded in taking more value share from the market throughout the year. Quarter-on-quarter, Ooredoo successfully increased its revenue market share, averaging more than 80%. It also ensured sustainable free cash flow levels via a series of value-creating and cost optimisation programmes.

"Ooredoo is now working as a real digital enabler in Qatar, helping young people turn innovative new ideas into thriving businesses, and working with large enterprises to enhance and digitise their services. We see huge potential for growth and development in these areas, as Qatar pushes ahead with its ambitious plans for national transformation."

The company has aggressively pursued a strategy of data network leadership and ICT innovation, to ensure it is well placed to provide an enhanced customer experience and work as a digital enabler for Qatar's businesses. Digital entertainment – and particularly the development of its Ooredoo tv service – was another key strategic priority.

Ooredoo succeeded in taking more value share from the market throughout the year.

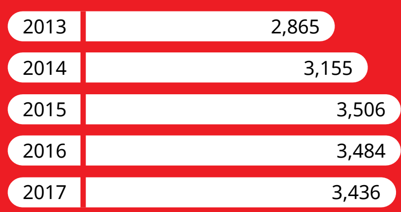
Taking value share

"This year has shown the very best of Ooredoo Qatar: our commitment, our creativity and our pride in working at the heart of our dynamic nation. In a challenging environment, we have launched new and innovative services and joined hands with the community in celebrating our culture, our traditions and our values."

Waleed Al Sayed
CEO, Ooredoo Qatar

Total customers (thousands)

3,436



Network enhancement programmes delivered a significant upgrade of data services in 2017. Ooredoo was one of the world's first service providers to launch 4.5G Pro services, and launched upgrades with Cat 16 devices later in the year to provide mobile data speeds of up to 1 Gbps.

On Qatar National Day, the company completed pre-standardised trials of the ultra-fast 5G service. Ooredoo also rolled out Ooredoo Fibre fixed-line broadband to more homes and businesses, and launched 4G Voice Over LTE (VoLTE).

As a result of these efforts, the United Nations Broadband Commission for Sustainable Development recognised Ooredoo for fuelling Qatar's smart country goals.

Digital entertainment also delivered good revenue growth, with Ooredoo tv attracting more than 165 thousand customers since its launch in 2016.

To sustain this impressive momentum in 2017, Ooredoo launched a dedicated Ooredoo tv kids' user interface, partnered with Harmonic to launch the first 4K and Ultra High Definition (UHD) TV channels in the Middle East, and extended its relationship with beIN SPORTS.

Supporting business growth

Throughout the year, Ooredoo continued to expand its range of business-to-business ICT products and services. Our Hala Business services reached more than 10,000 customers. The company launched the Nojoom Business customer loyalty programme, which any business in Qatar can join.

The company launched its managed connectivity solution, IoT Connect, which connected the Qatar Rail Red Line to the Ooredoo Supernet.

Supporting new and expanded innovative customer services, Ooredoo also signed partnerships with Es'hailSat and Al Rayyan to deliver advanced satellite services.

A partnership signed with the Advanced Computing Company supports small and medium-sized enterprises in Qatar to adopt cloud services, and another with iPass offers Wi-Fi to regional customers.

Serving Qatar's entrepreneurs and start-ups, Ooredoo is seeing strong continued success on the Digital and Beyond joint venture with the Qatar Business and Incubation Center, as well as launching a series of innovation Master Classes in 2017.

Further enabling the cashless economy, Ooredoo Money progressed strongly with substantial increases in salaries processed, international remittances, and growth in the number of registered payroll customers.

Our Businesses continued

Ooredoo Qatar continued

A number of cost-optimisation programmes throughout the year ensured sustainable growth. Major initiatives included value-based thinking for capex network deployments, outsourcing franchise shops, re-negotiating content deals with Ooredoo tv, and corporate restructuring, including leveraging international talent. Enhancing staff development has been vital, with personal development plans and programmes for staff, along with mobile-accessible educational material.

For Ooredoo's integrated management system, the company achieved Bureau Veritas ISO 9001:2015 and ISO 14001:2015 certifications.

Standing with the community

As a proud Qatari company, Ooredoo stood proudly with the community and launched a number of programmes directly related to national identity. This included the launch of Ooredoo's Qatarna packs, offering a range of innovative features.

In addition, the company was a sponsor of Qatar National Day celebrations and the book tour for the "Book of Pride: Tamim Al Majd, We're All Qatar". Ooredoo also sponsored or partnered with Qatar's leading sporting tournaments, such as the Aspire Ramadan Sports Festival, the Emir Cup football championship, the Hejen Camel Racing Festival, the Qatar Shooting and Archery Association's Nishan Championship, the Qatar ExxonMobil Open 2018 and Qatar Total Open tennis tournaments, and the "Ride of Champions" cycling event.

To foster environmental sustainability, all Ooredoo Shops are now paperless and Ooredoo also sponsored the Farmers Market in Qatar.

Outlook

Looking to 2018, Ooredoo is consolidating its data leadership, offering faster, more secure and seamless digital experiences. The company sees strong opportunity for growth with the push towards 5G services, and in the business solutions and ICT space.

Ooredoo plans to take the Business customer experience to the next level, with the Ooredoo Supernet enabling more B2B ICT solutions, security services, IP-based services and content. The company will also increase the level of self-service and self-care available for customers, launching franchise stores, further enhancing the Smart Sales Solutions in Ooredoo Shops, and rolling out device-vending Self-Service Machines.

Ooredoo will continue developing young and ambitious Qatari leaders by investing in people under its "Many Paths, One Direction" and #TakingTheLead campaigns. Qatari nationals are eager to make a difference, and will be supported by Ooredoo with enhanced staff training and career development programmes.

Investing in the future

Ooredoo will continue developing young and ambitious Qatari leaders through its "Many Paths, One Direction" and #TakingTheLead campaigns.

Indosat Ooredoo Indonesia

Operator importance to Group

Customers
67%

Revenue
25%

EBITDA
28%

Capex
37%

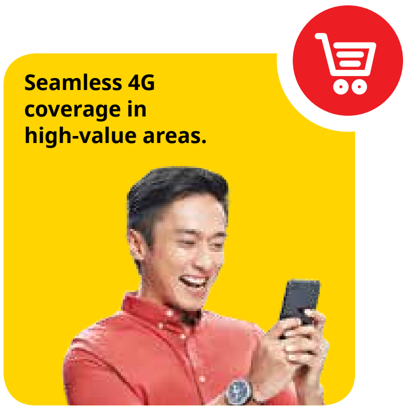
Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	8,371	7,395	7,274	7,994	8,234
EBITDA QR millions	3,862	3,279	3,303	3,724	3,871
EBITDA margin	46%	44%	45%	47%	47%
Blended ARPU* QR	8.8	8.0	7.3	6.7	5.0
Employees	3,956	4,100	4,320	4,421	4,391

* Blended ARPU is for the three months ended 31 December.

Overview

2017 was an eventful and exciting year for Indosat Ooredoo, as it celebrated its 50th year with numerous achievements, and, most importantly, its successful transformation into a leader in Indonesia's digital space. Indosat Ooredoo's brand image, network, consumer satisfaction and profitability have all shown solid improvements during the year. Equally important, the company's efforts helped to advance and build Indonesia into a fully-fledged digital nation.



A key highlight for 2017 for Indosat Ooredoo was the deployment of seamless 4G coverage in high-value areas outside of Java, providing capacity to the immense growth of data traffic in its cellular network. Towards the end of the year, the company was awarded 5MHz of the 2.1GHz spectrum band from the Government of Indonesia after winning the spectrum auction, part of which will be used for 4G capacity.

In line with its strategy to become Indonesia's top digital operator, significant joint ventures and partnerships were created in 2017: with PT Pasifik Satelit Nusantara for satellite business cooperation; with Twitter for launching Twitter Lite; with Grab to support IM3 Paypro; and with a diverse range of leading app developers to support the Apps-On package.

Many more opportunities exist, particularly the emerging trend to digital, continued increase in smartphone penetration, and explosive data growth.

Customers rate network quality and data speed more highly than price, and in response, the company is accelerating the roll-out of the 4G network to boost network quality and capture the surging growth in data demand. In doing so, Indosat Ooredoo is proud to help Indonesia achieve its goal of becoming a fully-fledged digital nation.

"In keeping with our proud history as a pioneer and innovator, it is our hope that we will continue to contribute to Indonesia's growth for another 50 years and more."

For B2B customers, the company built another Tier-3 data centre, with premium facilities and location, to reinforce the two Tier-3 centres that opened in 2016.

To strengthen its digital transformation, Indosat Ooredoo enhanced MyIM3 as a B2C self-care app, and is beginning implementation of mobile sales force automation apps and a digital customer care engagement platform.

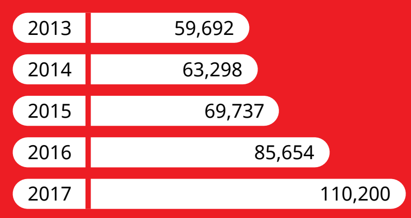
Focusing on customers

" Marking half a century of invaluable contributions to building Indonesia into a fully-fledged digital nation, Ooredoo's 50th anniversary in 2017 was a golden milestone. Going forward, we will continue to make the necessary investments in our network and beyond, constantly responding to the changing telecommunications landscape, while keeping our focus on customers and staying lean in operational efficiency."

Joy Wahjudi
President Director &
CEO, Indosat Ooredoo

Total customers (thousands)

110,200



Financially, Indosat Ooredoo delivered good results. Revenue grew by 3% year-on-year, led by positive contributions from B2C data-led services, voice termination and B2B's IT and connectivity services. EBITDA growth was mainly driven by higher revenue and relatively lower cost of sales growth due to tight cost control.

Brand-building and sponsorship focused on bringing more freedom to customers, such as the company's biggest launch so far – the Yellow product – which gives customers truly affordable internet without unnecessary extras.

Indosat Ooredoo's sponsorship of the Indonesia Football League continued for the second year. Extensive corporate social responsibility activity was led by initiatives in education and innovation. These created social value benefits for more than 65,000 people.

The employee volunteer programme extended to 50 cities across Indonesia and educated people on digital literacy and how to use social media wisely.

Community involvement featured prominently in the many awards received by Indosat Ooredoo over the year. Chief among them were winning Platinum at the Global CSR Summit for "Best Community Programme", as well as the award for "Excellence in Provision of Literacy & Education", and a gold Asia-Pacific Stevie for "Communications or PR Campaign of the Year – Community Relations".

Outlook

Indosat Ooredoo's focus for the next few years is to strengthen its presence outside Java by massive deployment in selected cities. After a successful implementation, the roll-out continues in more locations.

In addition to capacity fulfilment, Indosat Ooredoo will also focus on the virtualisation of its core network equipment, increasing penetration of fibre to the node and reaching optical connections to more hub and end sites. The company will also continue preparation to launch a new satellite with high throughput technology in 2019.

Initiation of digital transformation will use three levers: faster time to market, digital customer engagement, and big data and analytics.

Indonesia will host the 2018 Asian Games this year, which will provide Indosat Ooredoo with a global showcase for its 5G technology.

Ooredoo Kuwait

Operator importance to Group

Customers
1%

Revenue
8%

EBITDA
5%

Capex
5%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	2,500	2,149	2,275	2,382	2,675
EBITDA QR millions	667	473	620	614	652
EBITDA margin	27%	22%	27%	26%	24%
Blended ARPU* QR	87.3	65.6	71.7	66.5	72.7
Employees	950	856	737	763	877

* Blended ARPU is for the three months ended 31 December.

Overview

During 2017, Ooredoo Kuwait continued its data transformation journey, investing in network roll-out and upgrades. It maintained strong brand equity while enhancing existing services and products, to offer world-class communication services to the people of Kuwait.

Supporting Kuwait's smart city initiative.

A large number of network enhancements were made in 2017, in line with the company's commitment to digital transformation and to support Kuwait's smart city initiative. Ooredoo Kuwait built 160 new sites and expanded the network to 1,200 sites. To provide faster data speeds, Ooredoo Kuwait increased commercial LTE speeds up to 800 Mbps and prepared the network for 4.5G. The company also introduced big data and advanced analytics capabilities that enabled better service.

Financially, Ooredoo Kuwait delivered good results. Ooredoo Kuwait increased Revenues by 12% in 2017 to QR 2.7 billion, up from QR 2.4 billion in 2016. EBITDA was up 6% to QR 652 million, compared to QR 614 million in 2016. 2017 saw Ooredoo Kuwait's pre-paid revenue grow by almost 25%, reversing the declining trend of the past few years. Execution of major cost-saving initiatives resulted in better operational efficiency and improved the bottom line. In line with its strategy to diversify revenue streams, the launch of the device business generated a multiple increase in device revenues during 2017.

Growth in revenues was supported by the company's leading products and services, as well as continued investment in these to improve the customer experience. The "My Ooredoo" smartphone application was upgraded to include new user-friendly features, which resulted in more than half of Ooredoo Kuwait's smartphone users downloading the new application. Nojoom – Ooredoo Kuwait's rewards programme – was revamped to include the transfer of points to friends and family, donation of points to charitable causes, and redemption of points for vouchers from partner brands. Nojoom performed very well in 2017, being a strong market differentiator for Ooredoo Kuwait.

"Ooredoo Kuwait increased its brand equity and maintained a strong position in an increasingly competitive market."

During 2017, Ooredoo Kuwait strengthened its sales efforts with the roll-out of the trade marketing function, gaining the number one position in Kuwait in terms of exposure for company products and services among shared channels with the competition.

Digital transformation

" In 2017 we continued our digital transformation journey with the successful launch of our new smartphone app and the launch of Shamel Home – Kuwait's first all-inclusive comprehensive mobile, fixed internet and entertainment services plan. Driving forward our ICT business, we started a new Data Centre powered by FASTtelco, the company we acquired in 2016, bringing high-end digital solutions to businesses in Kuwait."

Mohammed bin Abdullah Al Thani
CEO, Ooredoo Kuwait

Total customers (thousands)

2,216

Year	Customers
2013	1,970
2014	2,515
2015	2,269
2016	2,346
2017	2,216

The data centre provides end-to-end IT solutions.

The company invested in three brand-building and marketing efforts in 2017 – a national day television commercial, the "Enjoy the Internet" campaign, and the re-branding of FASTtelco. As a result of these marketing efforts, the company received two awards from the Arabic Media Forum for "Best Public Relations" and "Best National TV Commercial", as well as "Best Performance in a Digital Advertising Campaign" from the MENA Digital Awards for its digital efforts to promote Shamel.

To realise its ambitions to grow its ICT business, Ooredoo Kuwait launched a state-of-the-art Data Centre powered by FASTtelco. The first of its kind in Kuwait, the data centre provides end-to-end IT solutions to customers in various sectors including financial, healthcare, media, e-commerce, educational and governmental. The company also introduced Shamel Home – Kuwait's first all-inclusive post-paid bundle that offers a family-centric approach to the internet. With this package, users receive fixed and mobile internet that can be shared among multiple devices, as well as digital entertainment from STARZ PLAY, beIN and OSN.

This year, Ooredoo Kuwait was the first telecommunications provider in Kuwait to obtain the Payment Card Industry (PCI) Data Security Standards (DSS) 3.2 certification, the global standard for personal payment security and prevention of credit card fraud. This certification reinforces the company's position as a premier service provider.

Supporting local youth and the development of local communities continued to be a priority for Ooredoo Kuwait during 2017, and, in line with this, the company sponsored the Arab Youth Volunteer award for the second year in a row.

The event brings together people from across the Arab world to present their social responsibility initiatives. During Ramadan, Ooredoo Kuwait's award-winning volunteer programme brought together hundreds of volunteers to distribute Iftar meals to workers in the city in the heat of the summer. The company also continued to sponsor two athletes, Kuwaiti triathlete Abdulaziz Al-Rashed and equestrian Rakan Al-Hasawi, helping them take their dreams to the next level.

Outlook

Looking ahead to 2018, Ooredoo Kuwait will maintain a steady course in its digital transformation journey, which will enable the company to improve its market position, re-envisage business systems and offer innovative products to its customers. As part of this transformation, Ooredoo Kuwait aims to become the leading digital provider in Kuwait, catering to customers' rapidly evolving communication and entertainment needs.

Our Businesses continued

Ooredoo Oman

Operator importance to Group

Customers
2%

Revenue
8%

EBITDA
10%

Capex
10%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	1,990	2,231	2,475	2,639	2,670
EBITDA QR millions	933	1,115	1,302	1,404	1,429
EBITDA margin	47%	50%	53%	53%	54%
Blended ARPU* QR	63.8	66.8	67.0	66.6	62.6
Employees	1,051	1,049	1,024	1,056	1,044

* Blended ARPU is for the three months ended 31 December.

Overview

One of the highlights of 2017 was the launch of the Tahaddi Framework, Ooredoo Oman's new strategy designed to take the company on a digital transformation journey to provide long-term growth and protect its position in the market ahead of the entry of a third operator.

The first and most important pillar of the strategy is having a strong network core to provide uninterrupted connectivity. As more than half of the company's revenue comes from data, connectivity is essential and, as a result, brand leadership in data is crucial to the success of the strategy. In 2017, Ooredoo Oman accelerated deployment of its 4G network and brought forward plans to cover 90% of the population with 4G and partly 4G+ by the first quarter of 2018.

The second pillar of the strategy is using data analytics to create leading products and services, as well as data-centric promotions. This is important because a key element to driving business success is the ability to listen to what customers want and need. Ooredoo Oman has a rigorous framework in place that enables the company to do this: it analyses data traffic and engineers the network accordingly, which helps us offer relevant products to the market.

"We will use data analytics to create smarter and more attractive products and services for our customers, while providing them with a great digital experience through our award-winning Ooredoo Oman app, which was also launched in 2017. I am pleased to say we are on track to become the Sultanate's data experience leader."

Ooredoo Oman launched its own B2B cloud services, enabling connection speeds of up to 10 Gbps.

Products and services introduced in 2017 included one- and two-year data contracts, device vouchers, data rollovers and endless data (post-paid customers); special deals for pre-paid customers; and enabling Nojoom points for Shababiah (youth segment) customers.

A digital telco

"2017 has been about transforming Ooredoo to a digital telco to sustain future growth. We are building on a solid foundation, with more than half of our revenues already being generated from data. With the launch of our new strategy, the Tahaddi framework, we aim to cover 90% of the population with 4G and partly 4G+ in 2018."

Ian Dench
CEO, Ooredoo Oman

Total customers (thousands)

3,072

2013	2,397
2014	2,602
2015	2,788
2016	2,947
2017	3,072

Fixed-line customers had super-fast offers with free upgrades and data rollover. Data experience leadership was maintained with the launch of the region's first video streaming pack, with unlimited access to YouTube and other video services. More than 100,000 subscribers signed up in the first five months.

The third pillar of the strategy is providing a great digital experience – primarily through the Ooredoo Oman app, which has seen a ten-fold increase in active users since its launch in January 2017. The self-care app is developed to meet customers' needs: with an all-new look and several new features, the app enables customers to surf, purchase, subscribe and connect to Ooredoo Oman's services in just a few quick and easy steps. Ooredoo Oman has received fantastic feedback so far, with the app winning the 2017 Middle East CX Award for "Best Digital Experience" and a Gold Stevie Award for "Digital."

Financially, Ooredoo Oman performed well, reporting solid revenue of QR 2.7 billion, stimulated by growth in mobile and fixed data revenue. While voice revenue trended downward due to the adoption of faster data and bundled services, more than half of revenue continues to be generated from data.

Ooredoo Oman has done well in attracting new customers: fixed service customers increased by one third, bringing the total number of customers to more than 3 million. 2017 has seen an increase in royalty fees from 7% to 12%, which impacted profitability. However, good cost control helped maintain a strong EBITDA margin of 54% and a stable EBITDA of QR 1.4 billion.

Operationally, the company made significant progress in its mission towards becoming the telecoms provider of choice for governments and businesses in Oman. A highlight for the year was winning the largest M2M contract in Oman, which will support the national automated meter-reading project. During the first phase of 2017, Ooredoo connected 10,000 commercial buildings.

Ooredoo Oman is proud to have launched its own B2B cloud services in 2017, hosted in Oman and supported by world-class infrastructure. The cloud service enables communication speeds of up to 10 Gbps, supported by 99.9% availability on multiple operating systems.

The Goodwill Journey (Ramadan campaign) continues to be at the core of Ooredoo Oman's corporate social responsibility efforts. To empower more than 200 women to become leaders in the workforce, Ooredoo Oman kicked off wave seven of its Springboard programme. In collaboration with the Ministry of Tourism, The British Council and the Ministry of Civil Services, women from various organisations will be trained to develop essential skills to be applied to an exciting digital project towards the end of the course. The programme aims to enable Oman's female workforce to achieve greater professional recognition by developing their potential.

Outlook

Looking ahead to 2018, Ooredoo Oman will continue its sharp focus on data experience leadership. With the new strategy in place, Ooredoo Oman is well-positioned to become a full service integrated telco, adapting to new business models in the digital and internet economy.

Asiacell Iraq

Operator importance to Group

Customers
8%

Revenue
14%

EBITDA
14%

Capex
4%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	7,071	6,298	4,884	4,217	4,490
EBITDA QR millions	3,629	2,939	2,136	1,923	1,982
EBITDA margin	51%	47%	44%	46%	44%
Blended ARPU* QR	54.8	40.0	36.6	30.3	29.9
Employees	2,811	2,771	2,733	2,747	2,773

* Blended ARPU is for the three months ended 31 December.

Overview

The Iraqi market's operating environment is very complex, with many constraints and challenges for all businesses, including telecom operators. These range from interruption of business to loss of assets damaged during periods of conflict. Nevertheless, the latest market share data showed Asiacell as a leader for revenue market share. customer base increased by 8% to 12.9 million, as network recovery advanced in the liberated areas in northern and western parts of the country (Mosul, parts of Salaheldeen, Anbar, Diyala and Kirkuk).

During 2017, revenue increased 6% to QR 4.5 billion and EBITDA also increased 3%, reaching QR 2.0 billion, positively impacted by the increased revenue and good control of operating expenses. EBITDA margin was strong at 44%.

A key opportunity in 2017 was restoring network sites in the liberated areas, and helping customers living there to reconnect to telephony services.

Asiacell progressed in driving its data growth strategy.

Asiacell established new retail outlets, new points of sale, and provided after-sale support services to enable swift customer reconnection and excellent customer service.

Another highlight for the year was Asiacell's progress in driving its data growth strategy, which helped to increase revenue during 2017. The growth was mainly driven by unlimited data bundles.

A key strategic initiative, Asiacell's cost optimisation programme, achieved significant savings. A major focus on smart capex also contributed significantly to maintaining good cost control.

"CSR activities continue to be a key priority for the company and we remain committed to helping displaced individuals and refugees in the country."

Expanding 3G coverage

> "Asiacell implemented many major strategic initiatives and launches during 2017, all having a valuable impact on the company's performance. These initiatives included network recovery in Mosul's liberated areas, becoming more customer-focused, and improved technology based on network sharing, virtualisation, and fibre."

Amer Al Sunna
CEO, Asiacell

Total customers (thousands)

12,925

2013	10,734
2014	12,302
2015	10,794
2016	11,987
2017	12,925

A number of technology initiatives contributed to the company's optimisation programme. Asiacell launched a unified trouble ticketing system to optimise Customer Care initiatives, Operations and Finance processes. In addition, the company started the virtualisation journey for telco services by completing the migration of Core CS and PS OSS systems. The company completed the re-farming for 900 band and launched the U900 in Basra, Sulaimaniah and Tikrit provinces.

Operationally, during 2017, Asiacell focused on implementing the electronic registration system as directed by the Communications and Media Commission (CMC) and National Security Agency (NSA), which required investment in new equipment and software, and re-educating the market on the new registration mechanism.

Highlights of Human Resources investment were the development of skills for management and staff, including a mini MBA, leadership development, succession planning, e-learning, and revision of policies and procedures.

Asiacell, along with other telecommunications companies, won the GSMA's annual award for "Outstanding Contribution to the Mobile Industry Award". This recognised Asiacell's efforts in supporting Syrian refugees displaced by the conflict in their home country.

In a humanitarian initiative for Mosul residents, the Asiacell relief campaign included more than 5,000 meals, as well as providing drinking water to families living in areas recaptured following conflict and those displaced by the Mosul disruption.

Outlook

Key opportunities in 2018 include expanding 3G coverage to all cities and roads in order to meet the increasing demand for data, and full restoration of network sites in newly liberated areas. Regionalisation, fibre strategy, cost optimisation and strong cash management will also feature prominently in business priorities.

The company's CSR programme will continue at full speed in 2018 and beyond. Asiacell remains committed to implementing corporate social responsibility programmes to support communities in the country.

Asiacell won GSMA's annual award for "Outstanding Contribution to the Mobile Industry Award".

Ooredoo Algeria

Operator importance to Group

Customers
9%

Revenue
10%

EBITDA
11%

Capex
5%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	3,884	4,623	4,023	3,732	3,422
EBITDA QR millions	1,583	1,481	1,474	1,308	1,506
EBITDA margin	41%	32%	37%	35%	44%
Blended ARPU* QR	33.9	29.4	22.9	21.2	18.2
Employees	2,846	2,895	3,008	2,830	2,785

* Blended ARPU is for the three months ended 31 December.

Overview

Ooredoo Algeria continued deploying its 4G infrastructure during 2017, reaching 25% population coverage by year-end. More than 10 million people are now covered and 15% of data traffic is 4G. Just over a third of all Algerian mobile phone customers are with Ooredoo Algeria.

Ooredoo Algeria delivered a solid performance during 2017, further improving revenue market share. EBITDA margin was up by 9% to reach 44% in a highly competitive market.

The investment in the 3G and 4G infrastructure, combined with a revamped portfolio called Haya!, contributed to achieving revenue leadership in the Algerian mobile market. One of the major features of the new Haya! universe has been the introduction of Facebook Flex services, through a strategic partnership with Facebook.

Through reinforcement of market revenue leadership within the high-end value segment, we have been able to maintain a price premium compared to competition, despite the challenging macro-economic context.

New telecom taxes and the asymmetry of termination costs between the incumbent operator and other competitors are major challenges. In response, Ooredoo Algeria is working to generate additional revenue from the demand for broadband, and by speeding up adoption of 4G mobile services.

A capital investment and cost optimisation programme led to significantly improved EBITDA margin compared to 2016.

Investment savings were mostly on network and IT-related costs, while the cost efficiency programme delivered significant results in network maintenance, advertising and promotions, and outgoings on services, such as consulting. Further EBITDA gains flowed from improved procurement processes and more efficient use of marketing expenditure. Introduction of a digitised electronic platform for the tendering process has greatly improved transparency with suppliers.

Network modernisation

" Ooredoo Algeria grew its revenue leadership position in the market while significantly improving its profitability. Furthermore, major network modernisation took place to create the largest 4G network in the country."

Hendrik Kasteel
CEO, Ooredoo Algeria

Total customers (thousands)

14,294

2013	9,492
2014	12,225
2015	13,037
2016	13,769
2017	14,294

More than 50 communication campaigns were launched throughout the year, the most prominent being the brand signature "Enjoy the Internet". Online advertising with YouTube increased reach to more than 168 million clicks.

"In keeping with our digital front-runner position, we launched the "Enjoy the Internet" campaign and introduced our new Haya! Universe portfolio, featuring a world of new services, including a special Facebook offer through a strategic partnership with the company."

With growing data revenues and strong subscriber numbers, we continue to manage with great pride the trust placed in us by our millions of customers.

In 2017 we continued to invest in our people, and in recognition of this, we received the Dale Carnegie Leadership award."

Sponsorship initiatives included five first league football teams and three national sporting federations: fencing, cycling, and handball.

CSR activity focused on education and healthcare.

Throughout 2017, Ooredoo Algeria remained committed to investing in the development of local communities and underprivileged population segments. Corporate social responsibility activity focused on the Algerian Association for Literacy (IQRAA), the Algerian Red Crescent, visiting children in hospital during Eid Al Fitr, the Injaz El Djazair competition for young entrepreneurs, the Algerian Federation of Disabled Persons, and enabling children to experience the fun of the Citta Di Roma circus.

Several projects were initiated to address illiteracy in Algeria, including financial aid to build and provide educational equipment for a literacy school, and celebrating National Knowledge Day and International Literacy Day in partnership with IQRAA.

In similar humanitarian mode, Ooredoo Algeria opened its internal restaurants during the Holy Month of Ramadan. The company served meals for people and workers in nearby yards and who were far from their families, offering close to 300 meals every day.

Investment in people remained strong and, for the fifth consecutive year, several employees completed their executive MBA programme. Introduction of Participation Committees is improving the involvement of employees in company decisions.

Outlook

The demand for broadband services is a major opportunity, being addressed by a portfolio of mobile data services and a fixed network, as soon as regulatory approval is granted. Additional significant opportunities include the growing ICT needs of the enterprise market and digital consumer services.

Ooredoo Tunisia

Operator importance to Group

Customers	Revenue
5%	5%

EBITDA	Capex
4%	5%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	2,504	2,288	1,803	1,714	1,530
EBITDA QR millions	1,310	1,072	746	686	606
EBITDA margin	52%	47%	41%	40%	40%
Blended ARPU* QR	26.3	20.7	14.7	14.0	11.9
Employees	1,690	1,665	1,640	1,613	1,600

* Blended ARPU is for the three months ended 31 December.

Overview

Despite challenging economic and political conditions, Ooredoo Tunisia delivered good results in 2017 and outperformed the market. Revenue grew by 1% in local currency, against a slightly declining telecom market.

Within the CEO's second year in office, new revenue streams were created. Leadership in mobile data, initiated over recent years, was confirmed in 2017 as a driver of growth and is compensating for the fall in voice revenues, which is a typical trend across the telecom industry.

"Under challenging conditions, we were able to create new revenue streams, while continuing the expansion of 4G network coverage to accommodate exponential growth of data demand and the successful shift to alternative fixed technology."

Ooredoo Tunisia almost doubled its fixed customer base to more than 140,000 customers.

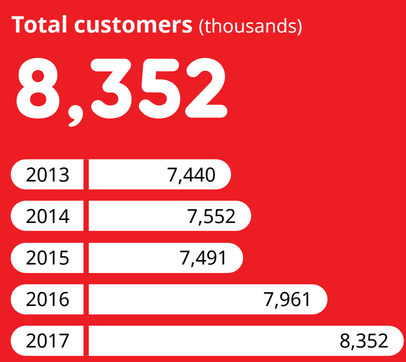
This achievement was supported by the expansion of 4G network coverage to accommodate substantial growth of data demand. Ooredoo Tunisia offered customers innovative products and solutions, including new 4G Mi-Fi packs, managed and secured B2B Wi-Fi solutions, and offered discounts on 3G/4G boxes.

After having successfully moved into the fixed space in 2016, the alternative fixed technology (LTE-TDD) performed well and enabled Ooredoo Tunisia to almost double its fixed customer base to more than 140,000 customers (including wireless customers). Fixed line also contributed significantly to revenue, with fixed revenue growing 70% year-on-year.

Strengthening our position

"Ooredoo Tunisia strengthened its position as the number one mobile player during 2017 and confirmed our data experience leadership."

Youssef El Masri
CEO, Ooredoo Tunisia



Good top-line performance, along with the successful implementation of cost optimisation initiatives, translated into a strong financial performance with main financial indicators showing improvement.

Operationally, Ooredoo Tunisia has built on the good progress achieved in 2016 in network roll-out and has upgraded more LTE sites. By the end of 2017, Ooredoo Tunisia's 4G network covered almost 75% of the population, who now have access to services of the highest quality and standards. The 3G network covered more than 99% of the population.

In line with the strategy to boost brand equity, a partnership agreement, signed in November between the company and the Tunisian Football Federation, made Ooredoo Tunisia the official sponsor of the national football team for four years.

This partnership was crowned a few days later when the team qualified for the 2018 World Cup in Russia in its first match under Ooredoo sponsorship. The partnership embodies Ooredoo's desire to reflect the success of the national football team, and its determination to position sports as one of the pillars of Ooredoo's brand strategy.

Outlook

In 2018, Ooredoo Tunisia will aim to maintain its leadership position through a strong focus on further enhancing customer experience.

Most importantly, Ooredoo Tunisia aims to confirm its position as the number one telecom player in Tunisia by continuing to provide high-quality services and innovative products in the mobile and fixed space.

The 4G network covers almost 75% of the population.

Ooredoo Myanmar

Operator importance to Group

Customers

5%

Revenue

4%

EBITDA

1%

Capex

11%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	–	189	1,065	1,470	1,324
EBITDA QR millions	(145)	(357)	(76)	(9)	152
EBITDA margin	0%	–189%	–7%	–1.0%	11%
Blended ARPU* QR	–	27.2	17.1	12.2	15.0
Employees	156	953	949	939	966

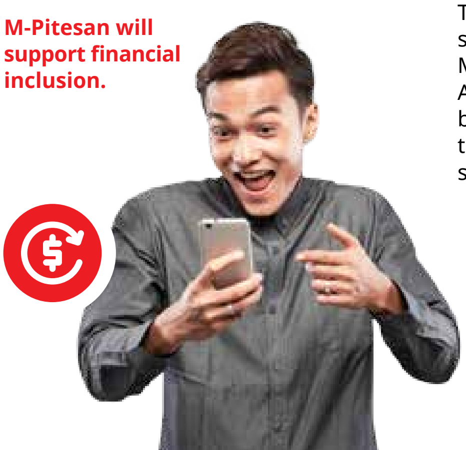
* Blended ARPU is for the three months ended 31 December.

Overview

Ooredoo Myanmar reported a solid financial performance in 2017, increasing service revenues by 5% in local currency YoY. EBITDA margin is now positive at 11%, with a significant improvement over 2016, and is set to improve further in 2018. The improvement was supported by an increase in data revenues and recurring revenues, as well as rigid cost management.

Operationally, the company made excellent progress in accelerating its 4G network roll-out to 200 townships within five months, and acquired 2x10MHz in the 1800MHz spectrum band to provide the people of Myanmar with connectivity while stimulating data growth.

M-Pitesan will support financial inclusion.



In addition, Ooredoo Myanmar launched 2G nationwide. 2G services provide access to a wider market that was previously untapped. These were key initiatives for the company, as the network expansion to rural areas supported Ooredoo's goals of digitisation.

Ooredoo Myanmar also launched its ground-breaking, innovative mobile financial services product under the brand name M-Pitesan (M-Cash). The investment in M-Pitesan is to support Ooredoo Myanmar's objective of driving financial inclusion, providing access to banking services for the unbanked population of Myanmar. Further M-commerce offerings are expected to be launched on the service in the near future.

To better serve corporate customers, suppliers and distributors, Ooredoo Myanmar developed a Mobile Payment App in collaboration with the top three banks in Myanmar. The app has helped to reduce the payment time to local suppliers by an average of three days.

Ooredoo Myanmar is committed to preserving the environment it operates in, and has taken several steps towards managing the impact of its operations. In 2017, Ooredoo Myanmar deployed super-silent diesel generators as a noise reduction initiative. Additionally, through several measures to use electricity over fuel and train staff to prevent spillage, diesel consumption at the DGs was reduced.

"Going forward, we will continue to support the development of Myanmar's telecom industry by bringing the latest technology and innovation to our customers. Above all, we will provide the people of Myanmar with access to essential communication services and enabling them to Enjoy the Internet will remain our priority for the years ahead."

Ooredoo Myanmar actively participates in the cultural, economic and social development of the country, and 2017 has been the year of uplifting the rural communities. To this end, the company has connected about 90 libraries with its network, in partnership with the Myanmar Book Aid and Preservation Foundation, donating over USD 90,000 to the cause.

Expanding 4G

" The highlights of 2017 for Ooredoo Myanmar were increasing 4G footprint and maintaining our data leadership position, bringing locally relevant content to the youth and people of Myanmar. Furthermore, we launched fibre to the home and office (FTTX) in Mandalay, the second-largest city in the country."

Vikram Sinha,
CEO, Ooredoo Myanmar

Total customers (thousands)

7,915

2014	2,236
2015	5,818
2016	9,000
2017	7,915

This year, Ooredoo Myanmar started the MMK 1 per minute CSR campaign, in which it set aside MMK 1 for every minute of all on-net calls made by customers. Through this campaign, Ooredoo Myanmar donated USD 750,000 to rural grassroots communities. The company also continued its initiative to bring healthcare to rural communities through the Mobile Health Clinics project in collaboration with Pact Myanmar, and provided primary healthcare facilities with the United Nations Office for Project Services (UNOPS).


MMK 1 per minute campaign sets aside MMK 1 for every minute of all on-net calls made by customers.

2017 saw a number of programmes being implemented to empower employees. In addition to our increased focus on leadership development for our people managers, a mentorship and skills appraisal programme for next-generation leaders was implemented. Ooredoo Myanmar also launched Facebook Workplace, in line with their effort to create a digital and engaging corporate culture.

In recognition of its human resources initiatives, Ooredoo Myanmar received a total of seven awards, including Asia's "Best Employer Brand Award" from the Employer Branding Institute. The company was also recognised in six categories by the Myanmar Employer Awards – "People's Choice", Gold for "Best Use of Rewards and Recognition", Silver for "Best Use of Internal Marketing for Company Pride", and Bronze for "Excellence in Workplace Environment", the "Best Learning and Development Program", and "Most Effective Recruitment Strategy for Talent Acquisition".

Outlook

Looking ahead to 2018, Ooredoo Myanmar is going to extend its 2G and 4G coverage and further tap into a wider customer base. Mobile financial services and digitisation will continue to remain key priorities, as well as focused regional execution. These initiatives will support long-term revenue and customer growth ambitions moving forward.

Wataniya Mobile Palestine

Operator importance to Group

Customers
1%

Revenue
1%

EBITDA
0.5%

Capex
4.4%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	325	311	303	306	312
EBITDA QR millions	33	47	78	80	69
EBITDA margin	10%	15%	26%	26%	22%
Blended ARPU* QR	34.7	32.3	29.2	27.2	25.1
Employees	433	427	419	447	572

* Blended ARPU is for the three months ended 31 December.

Overview

In a very important step for the Palestinian economy, Wataniya Mobile Palestine began operations in the Gaza Strip during October 2017, after several years of delay due to regulatory issues.

The Gaza Strip represents about 40% of the total Palestinian market and is key to Wataniya Mobile Palestine's future, bringing increased revenues and enhanced margins, as the company reaches higher economies of scale.

"The launch of our commercial operations in Gaza, coupled with the launch of the 3G services in the West Bank, will put Wataniya Mobile Palestine on a path of fast and strong growth and will enable us to increase our subscriber base and revenue in the short term and our profitability in the long term."

The company also completed 3G technical and commercial preparations, and launched services in January 2018.

This new business line is expected to enhance Wataniya Mobile Palestine's revenues and increase market share compared to competitor mobile operators.

On the financial front, 2017 was another strong year. Revenue was higher by 2% over 2016, mainly due to a strong contribution from the post-paid segment and the Gaza launch. EBITDA was impacted by the significant costs associated with the Gaza launch and 3G preparations, and the customer base grew significantly to top one million.

Among key customer-focused initiatives, Wataniya Mobile Palestine worked on developing and improving the customer experience, such as the launch of VOCE (Voice of Customer Experience), a tool to collect customer feedback through surveys. Customer loyalty and retention were enhanced through the introduction of the Nojoom loyalty programme, an accretive point-based system for both pre-paid and post-paid customers.

Wataniya Mobile Palestine won the bronze award for "Excellence in Employee Engagement."

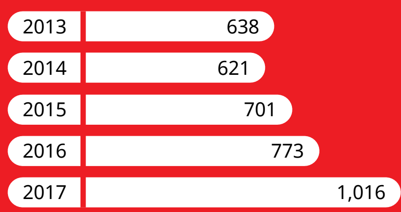
A transformative year

"2017 was a historic and transformative year for Wataniya Mobile Palestine. We are excited to have finally launched our commercial services in the Gaza Strip, which breaks the monopoly of the incumbent operator that lasted 17 years. Early results are very promising."

Dr Durgham Maraee
CEO, Wataniya Mobile Palestine

Total customers (thousands)

1,016



During 2017, all sales processes were reviewed and the company initiated a complete revamp of its sales distribution system to include more digitised features and increase efficiency. With customer service excellence at its heart, Wataniya Mobile Palestine also increased the variety of services offered through its call centre, effectively reducing the time required to complete customer requests. SME corporate businesses were also better served with the introduction of the telephony account managers' unit.

Substantial investment in developing and retaining talent during 2017 concentrated on leadership development, product knowledge, and capacity building (almost 18,500 training hours conducted). A significant achievement for the year was the launch of the "Young Leaders Programme", aimed at training and supporting talented young employees to develop leadership skills and accelerate their careers with the company.

In recognition of its leading employee training and engagement programme, Wataniya Mobile Palestine won the Bronze award for "Excellence in Employee Engagement" at the MENA Human Capital Forum.

During 2017, supported by the Ooredoo Group, Wataniya Mobile Palestine remained committed to supporting local communities. A highlight of corporate social responsibility activity was an agreement with Hebron Rehabilitation Committee to revive the old city by renovating buildings, while preserving the cultural heritage and improving living conditions for the population. Furthermore, our agreement with Al Aqsa School in Jerusalem, enabled better education for deprived children.

Environmental initiatives included regular testing for power radiation, securing environmental-compliance approval for all Gaza sites, and observing approved procedures for the disposal of oil and filter wastes.

For a third year in a row, Wataniya Mobile Palestine renewed its sponsorship of the Palestine Football League. Ooredoo Group and Wataniya Mobile Palestine also signed a QR 500,000 sponsorship with the Palestine Football Academy in Jerusalem.

Outlook

Wataniya Mobile Palestine is transforming and major successful milestones are being achieved, including the launch of operations in Gaza and 3G services. The key opportunity in 2018 will be the ability to become the 3G market leader in Palestine. Rebranding to Ooredoo will also add to Wataniya Mobile Palestine's brand equity.

Wataniya Mobile Palestine will be working with the ministry and stakeholders on number portability, including the final regulations and the timeline for implementation. This project will provide opportunities to increase revenues and market share.

Ooredoo Maldives

Operator importance to Group

Customers
0.3%

Revenue
1.3%

EBITDA
1.7%

Capex
1.2%

Financial performance

	2013	2014	2015	2016	2017
Revenue QR millions	166	206	288	381	435
EBITDA QR millions	38	68	133	206	236
EBITDA margin	23%	33%	46%	54%	54%
Blended ARPU* QR	41.5	46.0	50.3	48.6	53.3
Employees	316	313	317	331	345

* Blended ARPU is for the three months ended 31 December.

Overview

A highlight for the year was the completion of the listing of shares of Ooredoo Maldives on the local stock exchange. On 9 August 2017, approximately 14 million shares were sold to more than 8,000 applicants, making the Ooredoo Maldives IPO the most successful listing in the country. Ooredoo Maldives contributed to the education of investors in the market and attracted new investors to the Maldives Stock Exchange, with more than half of those who purchased Ooredoo's IPO stock being first-time investors.

Operationally, five strategic projects were initiated in 2017 to drive revenue growth, increase customer base, enhance customer satisfaction, and improve quality of services. These focus on data business, gaining market share in the enterprise market, increasing post-paid customers, improving quality of service, and digitising and customer-centricity.

Significant partnerships in digital further helped customers and popularised the company's mobile wallet, M-Faisaa, while 4G coverage was extended across the nation and FBB was launched to three new islands.

Significant partnerships in digital further helped customers and popularised M-Faisaa.

Completion of the NaSCOM project (Nationwide Submarine Cable Ooredoo Maldives) connected six landing stations across the Maldives with 1,200 km of fibre. These connections were a key milestone for the year, which the company celebrated publicly via the Nationwide 4G campaign, aiming to create awareness and highlight Ooredoo's achievement in completing the only country-wide 4G+ network. The campaign was well received and played a key role in customers upgrading to 4G SIMs.

During 2017, Ooredoo Maldives also completed and launched the smart office and home project, as well as several more, such as fibre-to-home, new resort site deployments, and capacity and transmission upgrades.

Financially, 2017 was another year of growth for Ooredoo Maldives. The company increased revenue market share by 2% during 2017, reaching 41.3%, on the back of 11% growth in the total customer base.

Making history

“ In 2017, Ooredoo Maldives became a listed company – making history by becoming the largest IPO in the Maldives and the third largest in the Sri Lanka-Maldives region. We have grown substantially and have generated tremendous value for our shareholders.”

Najib Khan
CEO, Ooredoo Maldives

Total customers (thousands)

440

2013	249
2014	299
2015	350
2016	397
2017	440

Revenues climbed by 14% to QR 435 million from QR 381 million, with EBITDA up 15% to QR 236 million from QR 206 million. Net profit grew 18% to QR 137 million from QR 116 million.

“As we move ahead with our vision to enable a digital Maldives, we are now setting new benchmarks as a fully-fledged digital company.

We are equally proud of our engagements with local communities, which largely involve using our technical and other resources to open-up socio-economic opportunities for development, in line with our commitment to achieving the sustainable development goals.”

Among several awards received during the year – for achievements ranging from innovation to products and enterprise – the Ranlaari Award is one of the most distinctive. It is presented annually by the Maldives Inland Revenue Authority (MIRA) to recognise the most compliant taxpayers and those that contribute most to MIRA’s revenue.

HR initiatives focused on leadership development programmes, enhancement of technical skills, and digitisation processes.

Prominent among branding and sponsorship activities was the Colour Run, one of the biggest running events of the year, which attracted a record number of entrants in 2017. Partnering with the Football Association of Maldives for the 2017 season of the Ooredoo Dhivehi Premier League positioned the company as a community-focused brand that shares a common passion for football with the Maldivian people, while seeking to take football in the Maldives to the next level and provide development opportunities for local footballers.

Ooredoo Maldives was a partner for Maldives Financial Expo 2017, which featured themes, such as housing options, assisted payment methods, and financing schemes. The company was also the telecom partner for Vacations Expo 2017, the first brand represented in the Maldives at a travel and tourism show.

A wide range of social conscience activities included projects focusing on smart cities and communities, gender equality, innovation and infrastructure, health and well-being, and quality education.

Outlook

In the coming year, Ooredoo Maldives will focus on growing its post-paid services and the B2B segment. In addition, it will continue to focus on data dominance, creating the best video-ready network for small and large screens.

Ooredoo Maldives also plans on accelerating enterprise business by developing a complete portfolio of enterprise services, while digital technology will be applied to extend financial services to the “unbanked” or “underbanked” community, in line with its corporate commitment to contribute to the growth of the Maldives and its people.

Our Social Responsibility

As a community-focused company, Ooredoo's corporate social responsibility is centred on enriching people's digital lives. People around the world want to engage with companies that are dedicated to making a positive impact in their communities.

Making a positive impact

Enriching people's lives

United Nations Sustainability Goals Over the past year, Ooredoo has expanded its support for the United Nations' Sustainable Development Goals, leveraging communications technology to pursue nine goals: poverty eradication; good health and well-being; quality education; gender equality; good jobs and economic growth; industry, innovation and infrastructure; climate action; peace and justice; and partnerships. Some key activities included:

Enabling youth development

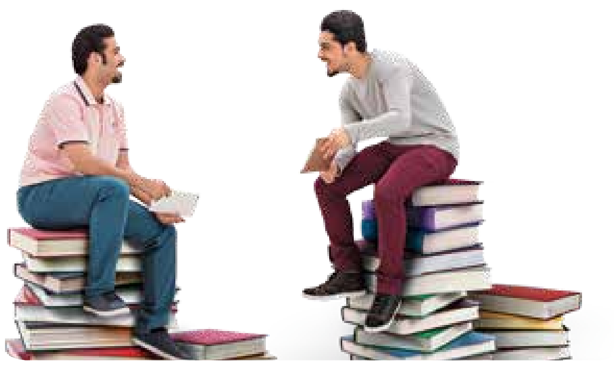
In the Maldives, Ooredoo launched the Young Entrepreneurs Program for aspiring youth and continued its Free Distance Learning Program with Maldives Polytechnic via the Ooredoo Smart Campus. It also sponsored the Millennium Youth Ambassadors Program by the Regional Alliance for Fostering Youth. Ooredoo also connected libraries in Myanmar to the internet through the Beyond Access initiative, and supported educational initiatives in Palestine in partnership with the Ministry of Education.

Fostering healthier lives

Ooredoo saw strong success with its mobile health clinics in Indonesia, Myanmar and Tunisia. In Qatar, Ooredoo launched the Cancer Awareness Centre with the Qatar Cancer Society and sponsored the International Conference on Primary Health Care. Ooredoo also sponsored clean water and disaster response initiatives with the Red Cross in Myanmar; supported people with disabilities in Algeria; and celebrated World Autism Awareness Day in Oman with the Al Wafa Rehabilitation Centre for Disabled Children.

Supporting the innovation-based economy

Ooredoo launched technology incubators in Kuwait and the Maldives; and in the Maldives launched a Smart Cities programme and a Social Innovation Camp with the United Nations Development Programme. Ooredoo also hosted digital literacy and coding classes in Indonesia, and sponsored a Small and Medium-Sized Enterprises Forum in Oman.



In 2017, Ooredoo's Corporate Social Responsibility team developed guidelines to help employees engage in voluntary activities so that these initiatives are impactful, cost-effective, and benefit the community, the organisation, and the employees themselves.

At both a Group level and through its operations, Ooredoo is delivering on its brand promise as a connecting, caring and challenging company. As a connecting company, Ooredoo aims to engage and collaborate with the community. As a caring company, Ooredoo wants to support all members of the community, and be a trusted and responsible partner. As a challenging company, Ooredoo desires to make a progressive difference and improve people's lives.

Ooredoo is also pursuing a strategy for Sustainability Management, measuring its economic, social and environmental performance to assess its benefits for investors and society. Through Sustainability Management, Ooredoo can better identify the social, environmental, economic and governance risks and opportunities of its operations.

Ooredoo is delivering on its brand promise as a connecting, caring and challenging company.

Supporting gender equality

Ooredoo continued to back the GSMA's Mobile for Development initiatives in empowering connected women. The Maldives in particular saw good success through its sponsorship of gender diversity and women's empowerment programmes.

Instituting guidelines for volunteering

In 2017, Ooredoo's Corporate Social Responsibility team developed guidelines to help employees engage in voluntary activities so that these initiatives are impactful, cost-effective, and benefit the community, the organisation, and the employees themselves.

Through this employee volunteering programme, Ooredoo can better attract, retain and develop employees; reduce director costs; and improve its brand reputation and public image. Additionally, communities can see greater impact and employees can enhance their leadership and interpersonal skills, improving their well-being with greater meaning and fulfilment at work.

As part of its volunteering framework, Ooredoo is activating and optimising employee engagement, providing support for leaders, and looking to optimise the design of the programmes by leveraging strategic partnerships with organisations that share similar brand values and policies.

Ooredoo Qatar

2017 was an energetic year in Qatar, as the company placed strong emphasis on initiatives that fostered community spirit and activities that encouraged sports, health and caring for the environment.

Given the proud and patriotic atmosphere of 2017, Ooredoo actively sought out opportunities to engage with community events throughout the year, including sponsorship of Qatar National Day activities and the book tour for the "Book of Pride: Tamim Al Majd, We're All Qatar".

One of Ooredoo Qatar's most sustained sporting successes has been the organisation and expansion of the Ooredoo Marathon, with the fifth event drawing a large number of participants in January 2017.

The marathon, which was first held in 2013, is designed to help Qatar's people become more active and healthy, and has grown into the country's largest mass participation sporting event. It also raises significant sums for charity every year. In December 2017, Ooredoo and Qatar Tourism Authority announced a three-year partnership to support the growth and development of the annual event, rebranding the event as the Ooredoo Doha Marathon.

Sharing in the spirit of the Holy Month of Ramadan, Ooredoo and Qatar Red Crescent Society partnered in accepting donations via Ooredoo's Self-Service Machines, and distributed food for workers. Towards the end of the 2017, Ooredoo donated clothes and essentials as part of its "Do Good This Winter" campaign.

Over the year, Ooredoo sponsored or partnered with Qatar's leading sporting tournaments, such as the Aspire Ramadan Sports Festival, the Emir Cup football championship, the Hejen Camel Racing Festival, the Qatar ExxonMobil Open and Qatar Total Open tennis tournaments, among others.

Supporting healthy living, Ooredoo opened the Cancer Awareness Centre with the Qatar Cancer Society, sponsored the International Conference on Primary Health Care held under the patronage of the Ministry of Public Health, and supported activities for breast cancer awareness, World Autism Day and World Kidney Day.

Our Social Responsibility continued

Enriching people's lives continued

Ooredoo signed a three-year agreement with Best Buddies Qatar to foster friendship, employment and leadership, and in turn Ooredoo received an award of appreciation.

Enabling youth, Ooredoo inaugurated the Student Entertaining Majlis at Qatar University, sponsored the Qatar University Football League, and supported Injaz Qatar in training students. To enable children to embark on a telecom learning experience, Ooredoo opened its Ooredoo Establishment at KidzMondo Doha. It also sponsored the 5th Ajyal Youth Film Festival to inspire the next generation of filmmakers.

Indosat Ooredoo Indonesia

2017 saw strong momentum on Indosat Ooredoo's corporate social responsibility activities, centred on the two pillars of education and innovation.

In recognition of the company's success, Indosat Ooredoo won "Best Community Programme" and "Excellence in Provision of Literacy and Education" at the Global CSR Summit and Awards and Global Good Governance Awards; the "Top CSR in Telecommunications" and "Top Leader on CSR Commitment" from Business News Indonesia; and "Innovation in Community Relations or Public Service Communications in Telecommunications" at the Asia-Pacific Stevie Awards.

More than 65,000 people benefited directly from four key activities: the Java Cyber School, which engaged with 44,483 students; the annual Indosat Ooredoo Stock Trading Contest, with 10,041 participants; its leading educational event with 5,200 students and 180 teachers; and the Indonesian Wireless Innovation Contest, which hosted 3,041 participants, including 526 women developers.

To educate people in Indonesia on how to use social media wisely, Indosat Ooredoo launched the #bijakbersosmed community-based movement. Indosat Ooredoo employees also volunteered their time to educate people on social media and digital literacy across 50 cities.

As Indosat Ooredoo marks its 50th anniversary in 2018, the company will continue to make major contributions to the nation, and make the digital revolution happen.

Ooredoo Kuwait

The theme of youth enablement stood front and centre for Ooredoo Kuwait's corporate social responsibility agenda in 2017, training youth on the right skills and tools, and matching them with engaging volunteering opportunities.

Ooredoo Kuwait returned as a sponsor for the Arab Youth Volunteer Award, which saw hundreds of young people from across the Arab World compete in presenting their youth initiatives and volunteer achievements and ideas. The award ceremony was presided over by Her Excellency Sheikha Hessa bint Khalifa Al Thani, the Special Envoy of the Arab League Secretary General for Humanitarian Affairs.

Ooredoo Kuwait hosted the "Arab Youth Capital" in 2017 with the state of Kuwait, which launched five grand initiatives throughout the year to better develop and enhance young people and their prospects.

Ooredoo Kuwait's "The Protégés' Youth Development Programme" hosted a series of youth development workshops and internship opportunities. Helping young athletes to follow their dreams, Ooredoo Kuwait renewed its sponsorship for the triathlete Abdulaziz Al-Rashed and the equestrian Rakan Al-Hasawi.

As part of Ooredoo Kuwait's commitment to supporting under-served communities, volunteers from the company participated in a wide range of charitable work during the Holy Month of Ramadan, including the distribution of thousands of Iftar meals to the labourers and workers in Kuwait City.

Ooredoo Tunisia

During 2017, Ooredoo Tunisia ramped up the excitement in its commitment to supporting healthy lifestyles, with a strong focus on sports.

Ooredoo Tunisia signed a four-year sponsorship agreement with the Tunisian Football Federation. As part of the agreement, signed by Mr. Youssef El Masri, CEO of Ooredoo Tunisia, Ooredoo will serve as the Official Sponsor for the national football team. As a sponsor, Ooredoo Tunisia was part of the excitement when Tunisia won the match that led to their qualifying for the FIFA World Cup in 2018.

In the field of healthcare, Ooredoo Tunisia launched its Mobile Health Clinics in Zaghouan, in cooperation with the Tunisian Red Crescent. The Mobile Health Clinics are providing access to much-needed quality health services for people in remote areas or areas without basic services.

Ooredoo Oman

Giving back to the community, the Ooredoo Goodwill Journey marked its 10th anniversary, with 36 volunteers travelling across the Sultanate to distribute donations and additional items to Omani families and associations.

In particular, Ooredoo Oman's Goodwill messengers visited branches of the Omani Women's Association, and centres that care for the disabled and children in need. Ooredoo Goodwill messengers spread happiness to local families and children by providing them with items to help them with their daily lives. These messengers fostered a positive impact and gave much-needed assistance.

Under the theme of "Digital and Family," leveraging the power of social media, the Ooredoo Goodwill Journey broadcast live updates on Twitter, Facebook and YouTube. People across Oman could also track their journey and the volunteers through GPS-based maps on the Ooredoo Oman website.

In the field of environmental sustainability, Ooredoo Oman continued to enhance its paperless capabilities in its headquarters and in stores, and saw significant reductions in printed bills.

Ooredoo Maldives

Leveraging the power of technology to enhance people's digital lives, Ooredoo Maldives had an active year with its corporate social responsibility initiatives.

In solving urban challenges, Ooredoo Maldives partnered with the United Nations Development Programme to launch the Smart Cities project, for developing innovative and smart urban solutions. Ooredoo Maldives also hosted the Miyaheli Social Innovation Camp to foster new social innovations.

Helping the nation to overcome a major crisis, Ooredoo Maldives supported the Health Protection Agency's efforts to prevent and control the influenza epidemic. Ooredoo Maldives also opened a hotline for the Family Legal Clinic to provide pro bono legal consultations for families, and hosted an Iftar for workers during the Holy Month of Ramadan.

Enabling youth, Ooredoo Maldives partnered with the Regional Alliance for Fostering Youth to support the Millennium Youth Ambassadors Programme. The company also provided caregivers for the Ministry of Gender and Family's state-run children's shelter – the Fiyavathi Orphanage.

Supporting gender equality, Ooredoo Maldives' Women on Boards outreach programme celebrated, inspired, empowered and encouraged the next generation of women leaders in the Maldives.

Asiacell in Iraq

During a trying time of conflict, Asiacell gave back to communities in need with wide-ranging humanitarian initiatives in Mosul, Iraq. Asiacell's relief campaign was based on providing drinking water and more than 5,000 meals to families, in order to ease their living conditions.

Internally, Asiacell has also furthered its commitment to transparency, corporate ethics, and business processes by finalizing a code of business conduct and ethics with Ooredoo Group.

Ooredoo Algeria

In 2017, Ooredoo Algeria affirmed its status as a socially responsible company.

Enabling youth and supporting young entrepreneurs, Ooredoo Algeria served as the Official Sponsor of "INJAZ El Djazair," the annual competition rewarding young entrepreneurs. Successful local business leaders and Ooredoo Algeria's employees served as classroom mentors, making the economic concepts relevant, fuelling the entrepreneurial spirit, and challenging students to excel.

Ooredoo Algeria also partnered with the Algerian Association of Literacy (IQRAA) to provide educational equipment for schools, and celebrated National Knowledge Day and International Literacy Day.

Encouraging healthy living, Ooredoo Algeria supported the Algerian Federation of Disabled Persons' activities, and celebrated the International Day of Persons with Disabilities. During the Holy Month of Ramadan, Ooredoo Algeria partnered with the Algerian Red Crescent to serve 300 meals daily for people and workers, with employees volunteering their time to give back to the community. Ooredoo Algeria staff also volunteered their time to visit hospitalised children during Eid Al Fitr.

Internally, Ooredoo Algeria has enhanced supplier transparency by launching an e-procurement platform.

Wataniya Mobile Palestine

Preserving cultural heritage, Ooredoo Group and Wataniya Mobile Palestine signed a partnership agreement with the Hebron Rehabilitation Committee to revive the Old City of Hebron. Working together, the organisations renovated buildings, reused abandoned houses, and rehabilitated the infrastructure, helping to preserve cultural heritage and the city's architectural fabric.

As a result, Wataniya Mobile Palestine has helped to improve the living conditions for the population, fostering social connections, and providing a wide range of services to enhance living and working conditions.

In the education field, Ooredoo Group and Wataniya Mobile Palestine partnered with the Al Aqsa School in Jerusalem to improve educational services to students from challenging economic situations.

Ooredoo Myanmar

As Myanmar's economic development continues to grow, Ooredoo Myanmar supported a busy year of activities to enhance digital lives.

Aligned with Myanmar's nationwide push to invest in the healthcare sector, Ooredoo Myanmar collaborated with Pact Myanmar to launch Mobile Health Clinics, which provide access to basic health care, maternal and child care, and child nutrition services. Ooredoo Myanmar also partnered with the United Nations Office for Project Services to build primary healthcare facilities in rural and peri-urban areas of Myanmar.

As part of its MMK 1 per minute campaign, Ooredoo Myanmar donated MMK 1 billion (USD 750,000) to rural and grassroots communities. Supporting connected education, Ooredoo Myanmar connected 90 libraries to the internet in partnership with the Myanmar Book Aid and Preservation Foundation, and donated USD 90,000 in support.

Environmental sustainability continues to be a key part of Ooredoo Myanmar's corporate social responsibility, with the company electrifying sites to reduce diesel consumption.

With Ooredoo Myanmar's own digital transformation, the company is making it easier for customers to pay their bills using a mobile payment app. Ooredoo Myanmar also digitised outgoing payments to suppliers, along with digitising employee purchases, payments, and business travel expenses.

Corporate Governance Report

Ooredoo aims to be a leader in corporate governance and ethical business conduct by maintaining best practices, transparency, and accountability to its stakeholders.

Providing a solid foundation

"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 and procedure we implemented at Ooredoo Group level."

Abdulla Bin Mohammed Bin Saud Al Thani
Chairman

Ooredoo values and corporate governance philosophy

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.

In order to establish a distinct model of commitment and compliance, the Board of Directors has taken into account the provisions and principles set out in the Commercial Companies Law number (11) for 2015, and the Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority and other related laws and regulations, taking these into consideration when drafting laws and regulations at Group and Operating Companies level, to instil a culture of governance across the company and its subsidiaries, and in the practices of all of its employees.

As Ooredoo continues its rapid growth and global expansion, it is particularly critical to demonstrate to its shareholders, customers, employees, and communities the same high levels 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 Articles of Association of the company and its relevant by-laws, the Commercial Companies Law No. (11) for 2015, and Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority, in particular articles (8) and (9), which were incorporated as a Charter of the Board in a special section of the Corporate Governance Manual.

The Board of Directors has the power and full authority to manage 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 QSPC 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 CEO, establishing his duties and powers, assessing his performance, and determining his remuneration; nominating 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 disclosure of information to shareholders of Ooredoo 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.

Board members

Ooredoo's Board of Directors has the following members:

H.E. Sh. Abdulla Bin Mohammed Bin Saud Al Thani	Chairman
H.E. Ali Shareef Al Emadi	Deputy Chairman
H.E. Mohammed Bin Isa Al Mouhanadi	Member
H.E. Turki Mohammed Al Khater	Member
Mr. Aziz Aluthman Fakhroo	Member
Mr. Nasser Rashid Al Humaidi	Member
Mr. Khalifa Matar Almheiri	Member
Mr. Ibrahim Al Mahmoud	Member
Mr. Mohamed Ahmed Al Qamzi	Member
Dr. Nasser Mohammed Marafih	Member

Based on the above, disclosure 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 Receipt (GDR) by means of quarterly reports and complete annual financial statements, something that reflects Ooredoo's commitment to the terms and conditions of relating stock markets.

In 2017, Ooredoo delisted the Ooredoo Global Depositary Receipt (GDR) from the London Stock Exchange, as international investors can now easily purchase Ooredoo securities on the Qatar Exchange.

Pursuant to Article 31 of the company's Articles of Association, the Secretary of the Board shall be selected by the Board, which shall determine his duties and remuneration. The duties of the Board's Secretary are contained in the company's Corporate Governance Manual and Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority.

Board meetings

Board meetings are conducted regularly, given that there should be no fewer than six Board meetings in the annual financial year, in accordance with Article 27 of the company's Articles of Association and Article (104) of Commercial Companies Law No. (11) for 2015.

The Board of Directors held eight meetings in 2017, in addition to a workshop on corporate governance.

In accordance with Ooredoo's Corporate Governance Manual, the Board conducts an annual evaluation of its performance and that of its committees to investigate the familiarity of the Chairman and members of the Board with the duties as set forth in the Corporate Governance Manual and the Articles of Association of the company, the Commercial Companies Law No. (11) for 2015, and the Corporate Governance Code issued by the Qatar Financial Markets Authority, as well as to inform them of the latest developments in the field of governance, and based on some requirements or the results of the evaluation process, development programmes are planned for each Board member. In case of real deficiency in the performance of a Board member, which was not solved at the appropriate time, the Board shall have the right to take the appropriate action in accordance with Law and Corporate Governance. In this regard, each board member signs a declaration that they are fully familiar with the Corporate Governance Manual and the Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority and that they are committed to implementing them as a board member.

To further familiarise board members with the latest developments in Governance, the above mentioned Corporate Governance workshop was organised, and presented by a centre specialised in the area of Governance.

For senior executive management, an annual evaluation is undertaken using a Target Score Card at the company's level, then at the level of the major sectors of the company.

The company shall comply with the rules and conditions that govern the disclosure and listing in markets. It shall also inform the Authority of any conflict or dispute that the company is part of and is affecting its activities and shares, including litigation and arbitration, and shall disclose any transactions or deals concluded with any related party.

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 ten non-executive members, five of whom, including the Chairman, shall be appointed by the Qatar Holding. The other five Board members are elected by secret ballot of the General Assembly according to the applicability of the terms of the nomination on them. A Board member's term is three years and may be renewed. To maintain minority rights, Article (41) of the Articles of Association provides that shareholders holding no less than (10%) of the capital have the right to call for a General Assembly meeting.

Corporate Governance Report continued

The company pursues separation between the positions of the Chairman of the Board and any other executive position in the company, where H.E. Sh. Abdulla Bin Mohammed Bin Saud Al Thani is the Chairman, Sh. Sauod Bin Nasser Bin Faleh Al Thani is the Group CEO of Ooredoo and responsible for its management, and Waleed Al-Sayed is the Deputy CEO of Ooredoo Group and the CEO of Ooredoo Qatar, with responsibility for its business in Qatar.

Conflict of interests

The company adopts a policy that ensures the confidentiality and integrity 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; and relationships with related parties outside the company. No employee may accept or request gifts or bribes, loans or bonuses, prizes or commissions. The company is resolved to combat all forms of conflicts of interest in addition to other matters.

Furthermore, the company complies with Articles 108, 109, 110, and 111 of the Commercial Companies Law No. (11) for 2015, which state the following:

1. The Chairman or a Board Member may not participate/engage in any business that competes with the company's business, or be involved, either on his/her own behalf or on others' behalf, in any type of business or activities in which the company is engaged, otherwise the company is entitled to ask him/her for compensation or take the ownership of the activities he/she is engaged in.

2. The Chairman, a Board Member, or a Director are not permitted to practise any activity that is similar to the company's activities, or to have any direct or indirect interest in contracts, projects and covenants made in favour of the company.

3. The company may not offer a cash loan of any kind to any member of its Board of Directors, or guarantee any loan held by one of them with others, or make an agreement with banks or other credit companies to lend money to any of the Board members, or open a facility or guarantee a loan with other parties beyond the terms and conditions set by the Central Bank of Qatar. Agreements beyond the provisions of this Article will be considered null and void, and the company retains the rights to request compensation when necessary from the offending parties.

4. It is prohibited for the Chairman and the Board Members or the company's staff to take advantage of any information delivered to his/her knowledge by virtue of his/her membership or position for the benefit of him/herself, his/her spouse, his/her children or any of his relatives to 4th degree either directly or indirectly, as a result of dealing in company securities of the company. Nor may they have any interest, directly or indirectly, with any entity conducting operations intended to make a change in the securities prices issued by the company, and this ban stays in effect for three years after the expiry of the person's membership in the Board of Directors or the expiry of his work in the company.

Duties of the Board of Directors

The role of the Board of Directors is to lead the company in a pioneering way within the framework of effective directives that allow for risk assessment and management. The Board of Directors has the authority and full power to manage the company and continue business to fulfil the fundamental goal of upholding shareholders' rights, in addition to the following tasks:

1. Determine the terms of reference, duties and powers of the Chief Executive Officer and assess his performance and remuneration.

2. Evaluate, withdraw and define the powers granted to the members of the Board of Directors and Board committees, and define ways of exercising the powers.

3. Monitor the performance of the senior executive management; review management plans in relation to the replacement process and the arrangements for remunerations of senior executive management.

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 succession and replacement of senior executive management.

6. Provide recommendations to appoint, re-appoint, or quarantine the auditor appointed by the shareholders on the basis of their consent during the Annual General Meeting of the company, as recommended by the Audit and Risk Management Committee.

7. Direct members of the Board of Directors and provide them with continuous guidance through planning of the induction and guidance programmes. The Chairman of the Board is responsible for consistently providing induction and guidance programmes to Board members, to help them perform their duties and ensure they understand ongoing developments on company issues.

8. Members of the Board of Directors are expected to be seriously committed to the Board and 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 senior executive management will be trained according to capacity.

Chairman of the Board's role and duties

The main function of the Chairman of the Board is to lead the Board and ensure that the duties are undertaken 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 them, and inform the Board of their views.

2. To chair the Board, selected committees, and General Assembly 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 and follow up their execution.

5. Review the timing and quality of delivery of supporting documentation to the management's suggestions, 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 for 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 consultancy 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. Ali Mohammed Al Baker as Secretary of the Board of Directors. Mr. Al Baker holds a Bachelor's degree in law from the Qatar University (2002), and a Master's in Arbitration and Business Law from Gulf University Bahrain. In 2002, he became a legal researcher in the Centre of Legal and Judicial Studies at the Ministry of Justice, Qatar, and in 2003 a First Secretary in the Legal Department at the Ministry of Foreign Affairs. He began his career with the company in 2009 as an expert Legal Advisor for the Corporate Governance office and subsequently became Chief of Corporate Governance Officer in 2014.

Board Activities in 2017

In 2017, Ooredoo's Board of Directors achieved a number of key governance goals and supervised the implementation of a number of key successful initiatives, including:

- Approving the Group's performance report for 2016.
- Approving the Group's consolidated financial statements for 2016 and providing a recommendation to the General Assembly in this regard.
- Approving submitting a recommendation to the General Assembly regarding the appointment of Deloitte & Touche as the auditors of the company for 2017.
- Approving the Governance Report for 2016 and providing a recommendation to the General Assembly in this regard.
- Approving distributing a cash dividend of 35% of the nominal share value, and the remunerations of the Chairman and members of the Board, and providing a recommendation to the General Assembly in this regard.
- Approving the business plan of the Group for the years 2017, 2018 and 2019, as well as the budget and finance plan for 2017.
- Approving the financial strategy of the Group.
- Approving the recommendation submitted by the Nomination and Remunerations Committee to assess the performance of Ooredoo Group CEO and Ooredoo Qatar CEO during 2017.
- Approving a number of technical decisions related to investment opportunities.
- Following up on executing the Group strategy for the coming years, and allocating the necessary budget to do so.
- Determining the permitted risk margin for the Group's companies.
- Approving the capital structure of the company.
- Approving the recommendation of the Nomination and Remuneration Committee to change annual bonuses and long-term bonuses, all linking it to the performance and profits of the company.
- Approving the Group's strategic provision policy, procurement and bidding policy, and risk management policy.
- Approving the conversion of Ooredoo Maldives to a Public Share Holding company, offering a percentage of the company shares for subscription through an initial Public Offering (IPO).
- Approving the withdrawal of the listing of Ooredoo GDR from the London Stock Exchange.
- Approving the establishment of a number of special purpose companies in Qatar Financial Center.

Corporate Governance Report continued

Board Committees

Committee	Name of Board member	Position
Executive Committee	H.E. Mohammed Bin Eissa Al Mohannadi	Chairman
	H.E. Turki Mohammed Al Khater	Member
	Dr. Nasser Mohammed Marafih	Member
	Mr. Khalifa Matar Almheiri	Member
Audit and Risks Committee	Mr. Nasser Rashid Al Humaidi	Chairman
	Mr. Ibrahim Abdullah Al Mahmoud	Member
	Mr. Mohamed Ahmed Al Qamzi	Member
Nomination and Remuneration Committee	H.E. Turki Mohammed Al Khater	Chairman
	H.E. Mohammed Bin Eissa Al Mohannadi	Member
	Mr. Aziz Aluthman Fakhroo	Member

- Approving the liquidation of some special purpose companies as they are no longer needed.
- Approving the appointment of Mr. Fahad Saad Al Sabbah (Communications and Compliance Officer) for markets where Ooredoo shares are listed.
- Approving the amendment of the provisions and privileges of the members of the Board of Directors.
- Approving Ooredoo's new vision and Ooredoo's strategy update.
- Approving the renewal of the Ooredoo Liquidity Programme Agreement on the Qatar Exchange.

Role of Board committees

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

Each committee is composed of not less than three Board members (to be appointed by the Board), 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 has verified that it is in line with the Corporate Governance Code and Articles of Association of the company and the Commercial Companies Law No. (11) for 2015, and the Corporate Governance Code of the Qatar Financial Markets Authority.

A. Executive Committee

The executive committee comprises four members, and 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 2017 the committee completed a number of major projects:

- Reviewed investment opportunities and made recommendations to the Board of Directors.
- Reviewed subsidiaries' work plans and their budgets and provided recommendations to the Board in this regard.
- Reviewed recommendations for awarding contracts, and took appropriate decisions.
- Reviewed the conditions of Ooredoo Group companies to determine suitability and position in the markets in which it operates, and made recommendations to the Board of Directors.
- Reviewed the company's financial portfolio:
- Reviewed the strategies of the Group's companies and set their priorities.
- Review the Corporate Social Responsibility plan for 2017.
- Approved de-listing of Ooredoo GDR from London Stock Exchange.
- Approved the update of the financial limits of the other parties (banks and financial institutions).
- Approved the renewal of the Ooredoo Liquidity Programme Agreement on the Qatar Exchange and providing a recommendation to the Board in this regard.
- Approved the write-off of some fixed and stored assets.
- Approved the Group work plan for 2018, 2019, and 2020, as well as approving 2018 budget, and providing a recommendation to the Board in this regard.
- Approving Ooredoo Group work plans for 2018, 2019, and 2020, as well as approving the 2018 budget, and providing a recommendation to the Board in this regard.
- Approved the financing strategy and plan for 2018 and provided a recommendation to the Board in this regard.
- Approved Ooredoo Qatar work plans for 2018, 2019, and 2020, as well as approving the 2018 budget and providing a recommendation to the Board in this regard.

The committee held nine meetings in 2017.

B. Audit and Risks Committee

The committee comprises three members, and 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 internal control systems 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 reaction; 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 addition, the committee reviews risk management reports, and advises the Board on all matters that need attention and a decision. The committee also puts great emphasis on investigating any violations in the Group's companies.

In 2017 the committee completed a number of major works including:

- Reviewed the annual and quarterly internal audit reports regularly.
- Reviewed annual and quarterly Risk Management Report regularly.
- Approved the annual internal audit plan for 2017.
- Approved quarterly financial statements, and reviewed all financial statements and submitted a recommendation to the Board.
- Reviewed the results of the Internal Audit Quality Assurance Review for Ooredoo and Group companies.
- Approved the selection process of the auditors for the operating, holding and investment companies of the Group.
- Approved the appointment of an auditor for the company's accounts for 2017 and submitted a recommendation to the Board in this regard.
- Reviewed Fraud Policy, Risk Management Policy, Corporate Governance Guide, and Ooredoo Group's Decision-Making Manual, and submitted them to the Board.
- Approved the results of the performance index of the Internal Audit Department and Corporate Governance Department for 2016.
- Approved the results of the performance index of the Internal Audit Department and performance index of the Corporate Governance Department for 2017.
- Approved the budget of the Internal Audit Department and the budget of the Corporate Governance Department for 2017.
- Approved the Governance report for 2016 and provided a recommendation to the Board in that regard.
- Approved the amendment of the organisational structure of the Internal Audit Department, and provided a recommendation to the Nominations and Remunerations Committee in that regard.

The committee held twelve meetings in 2017.

C. Nomination and Remuneration Committee

The committee comprises three members. It assists the Board in executing its responsibilities in regards to nominating and appointing Ooredoo Board members, and Board members of its subsidiaries, 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 2017, the committee completed a number of major works:

- Approved Ooredoo's membership in the International Association of Mobile Networks "GSMA".
- Approved performance index card for Ooredoo Qatar for 2017.
- Approved performance index card for Ooredoo Group for 2017.
- Approved the performance evaluations of the executive directors of Ooredoo Qatar for 2016.
- Approved the performance evaluations of the executive directors of Ooredoo Group for 2016
- Approved the performance evaluation of the CEO of Ooredoo Group and provided a recommendation to the Board.
- Approved the performance evaluation of the CEO of Ooredoo Qatar and provided a recommendation to the Board.
- Approved the separation of the Strategy department from Acquisition and Amalgamation department in Ooredoo Group.
- Approved the succession plan for Executive Directors in Ooredoo Qatar for 2017.
- Approved the nomination of Ooredoo representatives on the Board of Ooredoo Oman and Indosat Ooredoo.
- Approved the re-appointment of Ooredoo representatives on the Board of Ooredoo Algeria, the Board of Ooredoo Tunisia and the Board of Ooredoo Maldives.
- Approved nomination of the CEO for Indosat Ooredoo and the CEO for Ooredoo Maldives.
- Approved the amendment of the provisions and privileges of the members of the Board and submitted a recommendation in this regard.
- Approved the structure of the Internal Audit department and the structure of Ooredoo Global Services.

The committee held eight meetings during 2017.

Corporate Governance Department and 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.

According to provision of item (1-6) of article (8) of the Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority, Mr. Fahad Saad Al Sabah was appointed to carry out the duties of the Compliance Officer.

In 2017, the Corporate Governance Department completed a number of major works:

- Monitored the implementation of Corporate Governance in Ooredoo Group companies.
- Reviewed the list of Ooredoo representatives on the boards of the Group's companies.
- Adopted an employee disclosure procedure for non-Ooredoo interests.

Corporate Governance Report continued

- 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.
- Management of Special Purpose Companies (SPVs).
- Assisted the Board in conducting governance workshops.

Internal audit objectives and activities

Providing independent and objective consultancy services drafted in a way that contributes to adding more value and improving Ooredoo's processes. The activity performed by the internal audit helps to achieve the company's objectives through a structured and systematic approach to assess and improve the effectiveness of risk management, monitoring and governance. Also, the Internal Audit department complies with the International Standards for the Professional Practice of Internal Auditing to provide practical instructions for the management of internal audit, planning, execution, and reporting activities, which are designed to add more value and improve Ooredoo processes/operations.

These tasks are performed under the supervision of the Audit and Risk Committee. There are clear instructions from the Board, Audit Committee, and Executive Management 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 2017, the Internal Audit Department completed a number of major works:

- Prepared an internal risk-based audit plan.
- Reviewed and evaluated the operations, risk management, 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 Risk Internal Audit plans for Group companies; providing advice and consultation.
- Coordinated between External Auditors, Audit Bureau Qatar, and management.
- Supported operating companies' internal audit functions.
- Reviewed recommended policies to provide opinion on the efficiency of internal audit procedures.
- Supported Internal Audit functions in Group companies.

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 has separate lines for strategy and financial control in a full review in each of the affiliated companies. This is done according to a regular cycle of visits and meetings of the executive management of the Group with the executive management of the affiliated companies, supported by a specific schedule for reports on internal performance. This detailed inspection of the performance of each operating company is considered a primary source of information, provided to shareholders through quarterly or annual reports.

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 all companies at Group level are required to issue reports according to what is expected from them. The process of unifying the audit committees' 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

Ooredoo has established 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 in the company; and
- Inform the Ooredoo Board of material changes to 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 the Audit Committee and Internal Audit Department, will review every quarter all risks that Ooredoo and its subsidiaries might face. Identifying risks that any of the operating companies might face is the responsibility of its executive management and employees, while the Group's Risk Management examines the risk ratings determined, and the action plans to address these risks.

The relevant department identifies all the potential risks and planned measures to mitigate those risks, and presents them to the Audit and Risk Management Committee.

The department then analyses the effectiveness of Ooredoo's risk management and compliance with internal control measures, as well as the effectiveness of their implementation.

Measures for identifying and managing risks vary between affiliated companies. However, these measures are being standardised, starting with reviewing and amending Audit Committee charters in affiliated companies to ensure that audit committees are permanently assigned to oversee the risk management in subsidiaries.

High-level financial measurements are collected at Group level according to the recurring timetables, which might be monthly, quarterly, or yearly, depending on the details of these measurements. These measurements provide an indication as to the risks faced by each OpCo, with special attention to issues of cash and funding needs as well as the degree of endurance to be able to deal with the unexpected.

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 stakeholders are entitled to access to all relevant information.

In Articles (41), (43), and (48) of the company's Articles of Association, the rights of minority shareholders have been implicitly provided for:

- The Board of Directors may invite the Assembly to convene whenever the need arises, and shall call upon it whenever requested by the controller or a number of shareholders representing not less than (10%) of its capital.
- The General Assembly shall convene at an extraordinary meeting upon the invitation of the Board, or upon a written request addressed to the Board by a number of shareholders representing not less than one quarter of the company shares.
- Decisions of the General Assembly issued in accordance with the company's Articles of Association are binding for all shareholders, including those who are absent from them, those who disagree with the opinion, or those who are disqualified or deficient.

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. (11) for 2015, and Article (30) 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 any related parties can look at the shareholders' register, and obtain all relevant information.

The two tables below show the major shareholders and shares held by members of the Board.

Corporate Governance Report continued

Major Shareholders as at 31 December 2017

Name	Country	Number of Shares	Percentage
Qatar Holding Company	Qatar	165,580,842	51.70%
General Retirement and Social Insurance Authority	Qatar	40,062,110	12.50%
Abu Dhabi Investment Authority	United Arab Emirates	32,031,994	10.00%
General Military Retirement and Social Insurance Authority	Qatar	6,151,783	1.90%

Shares held by members of the Board

Board Member Name	Country	Number of Shares	Beneficiary Name
H.E Turki Mohammed Al Khater	Qatar	5,000	H.E. Turki Mohammed Al Khater
Ibrahim Abdullah Al Mahmoud	Qatar	6,200	Ibrahim Abdullah Al Mahmoud
Mohamed Ahmed Al Qamzi	United Arab Emirates	5,000	Mohamed Ahmed Al Qamzi
Khalifa Matar Almheiri	United Arab Emirates	5,000	Khalifa Matar Almheiri
Nasser Rashid Al-Humaidi	Qatar	5,000	Nasser Rashid Al-Humaidi
Dr. Nasser Mohammed Marafih	Qatar	3,200	Dr. Nasser Mohammed Marafih

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

In 2017, the company achieved a number of key milestones, notably:

- Positioning Ooredoo as one of the top 50 telecommunications brands in the world.
- Number of customers increased from 138 million to 164 million.
- Share of data revenue increased from 40% to 46%
- Ooredoo is now a data experience leader in the countries where it operates, enabling customers to enjoy the internet even more. It was the first operator to launch 4G services in Myanmar, Tunisia and Algeria in early 2017. 4G services are now available to customers in 8 out of 10 Ooredoo markets.
- As part of its ongoing investment in its network, Ooredoo has provided customers with a distinct set of network services. Ooredoo was the first in Qatar to launch Voice over LTE (VoLTE).
- It was the first company in the region to successfully upgrade an LTE Advanced Pro 4.5G mobile network to support CAT-16 compliant devices.
- The company continued to invest in the fibre network that covers most of Qatar, launching the 10Gbps Fibre Pack.
- Ooredoo Oman completed the roll-out of its high-speed network coverage to provide internet speeds of up to 1Gbps to homes across the Sultanate.
- Wataniya Mobile Palestine, a member of Ooredoo Group, officially launched operations in Gaza in October 2017, with the largest investment in telecommunications in Gaza in nearly two decades.
- Ooredoo Tunisia's 4G network covered 73% of the population by the end of 2017, who now have access to services of the highest quality and standards.
- Ooredoo Algeria launched a revamped portfolio called Haya!, which offered Facebook Flex services through a strategic partnership with Facebook.
- Ooredoo Qatar's entertainment offerings continued to perform strongly, with Ooredoo tv, the first 4K TV service in the MENA region, reaching a new milestone of more than 100,000 customers by the end of 2017.
- Ooredoo has maintained its strong focus on the business sector, with Group B2B revenue reaching QR 5.5 billion in 2017 reflecting Ooredoo's ongoing investment to support the growth of businesses, SMEs and governmental clients.

- In Qatar, Ooredoo launched fixed broadband services for corporate fibre, the fastest broadband service in Qatar that offers download speeds of up to 300 Mbps, boosting the demand of small businesses to adopt fixed broadband through fibre optics.
- Asiacell launched a unified trouble ticketing system, optimising the Customer Care, Operations and Finance processes. In addition, the company started the virtualisation journey for telco services by completing the migration of Core CS and PS OSS systems.
- Ooredoo launched its Group-wide "Enjoy the Internet" campaign in 2017, which aims to encourage customers to take advantage of the many benefits of its high-speed networks.
- Indosat Ooredoo deployed seamless 4G coverage in high-value areas outside Java in 2017. Towards the end of the year, the company was awarded 5MHz of 2.1GHz from the Government of Indonesia after winning the spectrum auction, part of which will be used for 4G capacity.
- Ooredoo announced major expansion plans in Myanmar in 2017, bringing 4G network service to more than 15 million people in 200 townships by the end of the year.
- Ooredoo also developed a dedicated microsite that includes an interactive contest designed to help contestants explore their interests and character traits while using the internet. Based on the results, existing and new customers will be able to determine the best service packages that fit their daily needs.
- The company's outstanding performance was reflected in the number of regional and international awards, with 19 of the company's key digital and innovation initiatives and projects receiving awards from the most prestigious awarding bodies: the Global Telecoms Business Awards, Asia Communications Award, APAC Stevie Awards, the Global Telecoms Business Awards Asia, and the International Business Stevie Awards.
- Ooredoo Kuwait was the first telecommunications provider in Kuwait to obtain the Payment Card Industry (PCI)-Data Security Standards (DSS) 3.2 certification, the global standard for personal payment security and prevention of credit card fraud.
- Ooredoo continued its efforts to upgrade its services and solutions throughout the year, announcing the listing of Ooredoo Maldives in the Maldives Stock Exchange and offering 40% of its shares for public subscription.
- Ooredoo Maldives became the largest and most successful Initial Public Offering in the history of the Maldives, following its Initial Public Offering from 30 April through 23 June.

Social Responsibility

Corporate Social Responsibility (CSR) focuses on ethical, social and environmental issues. Ooredoo is committed to ethical and legal standards in terms of practising its activities, contributing to economic development, and improving the quality of living conditions of the company's employees and their families, as well as the local community and society as a whole. The company also works to respond to the demands of stakeholders and the environment in which they operate.

Ooredoo believes that CSR is an investment in society. It works to engage management and employees in CSR activities. The company is keen to invest in the local community in Qatar, as well as in the communities in which it operates.

Based on our belief that Ooredoo can enrich customers' digital lives and stimulate human development, the company works hard to ensure that everyone in its markets is able to take full advantage of our leading networks through innovative data services.

The company is committed to the United Nations' Goals of Sustainable Development. Ooredoo supports those goals in a number of areas across many initiatives, including projects to eradicate extreme poverty, improve human life, and work to create a healthier world in the future. Details of these initiatives can be found in the Social Responsibility section of the Ooredoo Annual Report 2017.

Financial Review

Delivering a robust performance

Financial Review continued

EBIT
Amount in QR millions

7% ↑

5,363

2013	6,977
2014	5,322
2015	5,073
2016	5,015
2017	5,363

Total Group debt
Amount in QR millions (Note B)

–2% ↓

40,144

● Long Term
● Short Term

2013	45,769
2014	43,185
2015	43,101
2016	41,100
2017	40,144

Net debt & Net debt/EBITDA
Amount in QR millions (Note C)

–9% ↓

25,138

2013	2.1x	28,784
2014	2.3x	29,391
2015	2.2x	28,489
2016	2.0x	27,715
2017	1.8x	25,138

Free cash flow
Amount in QR millions (Note D)

22% ↑

6,273

2013	1,658
2014	1,764
2015	1,477
2016	5,129
2017	6,273

Total customers
Thousands

18% ↑

163,946

2013	96,184
2014	107,254
2015	116,751
2016	138,422
2017	163,946

Proportional customers
Thousands (Note E)

17% ↑

113,509

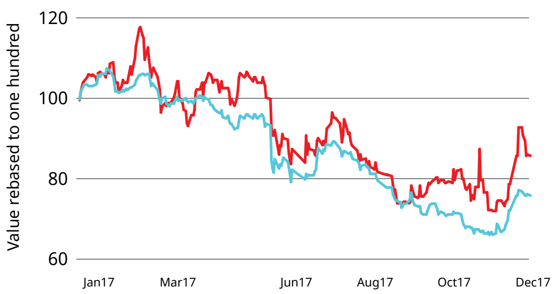
2013	66,117
2014	74,457
2015	82,006
2016	97,320
2017	113,509

Company ownership profile

- **52%** State of Qatar
- **15%** Other Qatari government-related entities
- **10%** Abu Dhabi Investment Authority
- **23%** Others

Share price performance

- ORDS QD Equity
- DSM Index



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

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

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

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

2017 Financial and Operating Highlights

		2017	2016	% change 2016 to 2017	2015	% change 2015 to 2017
Operations						
Revenue	QR millions	32,735	32,503	1%	32,161	2%
EBITDA	QR millions	13,783	13,379	3%	13,018	6%
EBITDA margin	Percentage	42%	41%		40%	
Net profit attributable to Ooredoo shareholders	QR millions	1,967	2,193	–10%	2,118	–7%
Earnings per share (EPS) - basic and diluted	QR	6.14	6.84		6.61	
Dividend declared per share	QR	3.50	3.50		3.00	
Dividend payout ratio (Note A)	Percentage	57%	51%		45%	
Operational cash flow	QR millions	9,427	9,195	3%	9,887	–5%
Capital expenditure	QR millions	4,541	5,982	–24%	8,762	–48%
Employees	Number	17,016	16,851	1%	17,577	–3%
Financial position						
Total net assets	QR millions	29,691	29,001	2%	28,373	5%
Net debt (Note B)	QR millions	25,138	27,715	–9%	28,489	–12%
Net debt to EBITDA	Multiples	1.8	2.0		2.2	
Free cash flow (Note C)	QR millions	6,273	5,129	22%	1,477	325%
Market capitalization	QR millions	29,069	32,609	–11%	24,024	21%
Customers						
Wireless postpaid (incl. wireless broadband)	Thousands	5,426	4,993	9%	4,396	23%
Wireless prepaid	Thousands	157,795	132,774	19%	111,606	41%
Fixed line (incl. fixed wireless)	Thousands	726	656	11%	749	–3%
Total Customers	Thousands	**163,946**	**138,422**	**18%**	**116,751**	**40%**

At the end of 2017, the total customer base increased by 18% year-on-year to reach 164 million. Revenue increased to QR 32.7 billion, driven by strong contributions from major markets. EBITDA increased 3% to QR 13.8 billion with a corresponding increase in EBITDA margin to 42%. Net profit attributable to Ooredoo shareholders decreased by 10% to QR 2.0 billion.

Ooredoo Group's strategic priorities of being a market leader with a performance culture and efficient models provide a framework for the Group to drive growth and focus on returns as well as maximising shareholder value. It also provides the right ambition for Ooredoo Group companies while allowing for localisation.

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.P.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 may vary from year to year.

Consolidated Financial Statements

Creating long-term growth

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Independent Auditor's Report

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QR. 99-8

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ooredoo Q.P.S.C. ("the Company"), and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
Revenue recognition and related IT systems	
The Group reported revenue of QR 32,735 million from telecommunication related activities. We have considered this as a key audit matter due to the estimates and judgments involved in the application of the revenue recognition accounting standards; and the complexity of IT systems and processes used in the Group's revenue recognition. Refer to the following notes of the consolidated financial statements: • Note 3.3 – Summary of significant accounting policies • Note 4 – Revenue • Note 37 – Significant accounting judgements and estimates	We tested revenue through a combination of controls testing, data analytics and substantive audit procedures covering, in particular: • understanding the significant revenue processes and identifying the relevant controls (including IT systems, interfaces and reports); • tested IT general controls, covering pervasive IT risks around access security, change management, data center and network operations. • assessed the Group's selected accounting policies and checked compliance of revenue recognition therewith; • performed data analysis and analytical reviews on significant revenue streams; • tested IT application controls around input, data validation and processing of transactions; and • performed automated and manual controls, and substantive tests, to ascertain accuracy and completeness of revenue. Further, we instructed and ensured that the component auditors of the Group's significant entities have performed consistent audit procedures as per above, as applicable. We also assessed the adequacy and presentation of revenue related disclosures in Notes 3.3, 4 and 37 of the consolidated financial statements.

Key audit matters	How our audit addressed the key audit matters
Carrying value of Property, plant and equipment and Intangible assets, including goodwill	
The Group has the following significant assets in the consolidated statement of financial position: • Goodwill and other related intangible assets of QR 28,821 million; • Certain property, plant and equipment in locations with prevailing security concerns. The evaluation of the recoverable amount of these assets requires significant judgements and estimates, especially on the assumptions used in determining discounted future cash flows and utilization of relevant assets. Refer to the following notes of the consolidated financial statements: • Note 3.1 – Basis of consolidation • Note 3.3 – Summary of significant accounting policies • Note 12 (iii) (iv) Property, plant and equipment • Note 13 – Intangible assets and goodwill • Note 37 – Significant accounting judgements and estimates	We focused our testing on impairment assessment models and key assumptions applied by management. Our audit procedures included the following: • Understand the business process, identify the internal controls and test their design and implementation. • Evaluated whether the models used by management to calculate the value in use of subject assets or applicable cash generating units ("CGU") comply with IAS 36 Impairment of Assets. • Obtained and analyzed the approved business plans for each subject asset (or CGU, as applicable) to assess mathematical accuracy and reasonableness of key assumptions; • Assessed the methodology used by the Group to estimate Weighted Average Cost of Capital (WACC) and corroborate discount rates used with external sector related guidelines; • Compared assumptions on long term growth rates based on growth in local GDP and long term inflation expectation to external data; and We performed sensitivity analysis on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss. Further, we have instructed and ensured that where applicable, component auditors have performed consistent audit procedures as per above and performed additional tests to address the uncertainty due to security concerns and control over relevant property, plant and equipment. We assessed the appropriateness of the related disclosures in Notes 3.1, 3.3, 12, 13 and 37 of the consolidated financial statements.
Provisions and contingent liabilities from tax, legal and other regulatory matters	
The Group operates in multiple jurisdictions which exposes it to certain tax, legal and other regulatory matters. The accounting of these matters require high level of judgements by management in estimating the provisions and presenting the related disclosures in accordance with IFRS. Refer to the following notes of the consolidated financial statements: • Note 3.3 – Summary of significant accounting policies • Note 33 – Contingent liabilities • Note 37 – Significant accounting judgments and estimates.	In responding to this area of focus, our procedures included the following: • understanding the Group's policies in addressing tax, legal and regulatory requirements; • assessed the adequacy of the design and implementation of controls over the appropriateness and completeness of provisions; • discussed open matters with the Group's tax, legal and regulatory teams; • read external legal opinions and other relevant documents supporting management's conclusions on these matters, where available; and • obtained direct confirmation and/or discussion with third party legal counsel and tax representatives regarding material cases, where applicable. Further, we have instructed and ensured that component auditors have performed consistent audit procedures as per above, as applicable. We assessed the completeness and appropriateness of the related disclosures in Notes 3.3, 33 and 37 of the consolidated financial statements.

Independent Auditor’s Report continued

Other Information

Management is responsible for the other information. The other information comprise Chairman’s Message, Group CEO’s Message, Operational and Financial Highlights, Our Reach, Our Businesses, Corporate Governance Report and Financial Review, which we obtained prior to the date of this auditor’s report and the annual report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor’s report thereon.

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

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

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

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

As part of an audit in accordance with ISA’s, we exercise professional judgement and maintain professional scepticism throughout the audit. We also;

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Doha – Qatar
11 February 2018

For Deloitte & Touche
Qatar Branch

M. Salha

Midhat Salha
Partner
License No. 257
QFMA Auditor License No. 120156

ديلويت أند توش
محاسبون قانونيون
Public Accountants
DELOITTE & TOUCHE

Consolidated Statement of Profit or Loss
For the year ended 31 December 2017

	Note	**2017 QR'000**	2016 QR'000
Revenue	4	**32,735,032**	32,503,259
Operating expenses	5	**(12,018,282)**	(11,847,032)
Selling, general and administrative expenses	6	**(6,888,608)**	(7,291,264)
Depreciation and amortisation	7	**(8,419,634)**	(8,364,066)
Net finance costs	8	**(1,740,780)**	(1,808,543)
Impairment loss on goodwill and other assets	15, 16	**(4,772)**	(192,506)
Other income – net	9	**144,108**	555,944
Share of results in associates and joint ventures – net of tax	15	**(45,641)**	14,152
Royalties and fees	10	**(564,724)**	(443,185)
Profit before income tax		**3,196,699**	3,126,759
Income tax	18	**(801,570)**	(379,396)
Profit for the year		**2,395,129**	2,747,363
Profit attributable to:			
Shareholders of the parent		**1,966,515**	2,192,554
Non-controlling interests		**428,614**	554,809
		2,395,129	2,747,363
Basic and diluted earnings per share (Attributable to shareholders of the parent) (Expressed in QR per share)	11	**6.14**	6.84

The attached notes 1 to 45 form part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	**2017 QR'000**	2016 QR'000
Profit for the year		**2,395,129**	2,747,363
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net changes in fair value of available-for-sale investments	24	**66,119**	11,371
Effective portion of changes in fair value of cash flow hedges	24	**81**	(309)
Share of other comprehensive income (loss) of associates and joint ventures	24	**(6,585)**	2,011
Foreign currency translation differences	24	**(39,599)**	(799,173)
Items that will not be reclassified subsequently to profit or loss			
Net changes in fair value of employees' benefit reserve	24	**(23,046)**	(56,338)
Other comprehensive loss – net of tax		**(3,030)**	(842,438)
Total comprehensive income for the year		**2,392,099**	1,904,925
Total comprehensive income attributable to:			
Shareholders of the parent		**2,032,178**	1,416,921
Non-controlling interests		**359,921**	488,004
		2,392,099	1,904,925

The attached notes 1 to 45 form part of these consolidated financial statements

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	2017 QR'000	2016 QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**29,529,873**	32,450,005
Intangible assets and goodwill	13	**28,821,013**	29,617,154
Investment property	14	**60,930**	69,058
Investment in associates and joint ventures	15	**2,119,936**	2,043,222
Available-for-sale investments	16	**812,933**	732,742
Other non-current assets	17	**685,308**	586,076
Deferred tax asset	18	**305,711**	269,987
Total non-current assets		**62,335,704**	65,768,244
Current assets			
Inventories	19	**679,623**	581,144
Trade and other receivables	20	**8,105,264**	7,664,209
Bank balances and cash	21	**18,459,188**	16,501,877
Total current assets		**27,244,075**	24,747,230
TOTAL ASSETS		**89,579,779**	90,515,474
EQUITY			
Share capital	22	**3,203,200**	3,203,200
Legal reserve	23 (a)	**12,434,282**	12,434,282
Fair value reserve	23 (b)	**522,873**	462,600
Employees' benefit reserve	23 (c)	**(12,497)**	2,482
Translation reserve	23 (d)	**(6,298,659)**	(6,319,028)
Other statutory reserves	23 (e)	**1,202,508**	1,152,553
Retained earnings		**12,070,177**	11,247,966
Equity attributable to shareholders of the parent		**23,121,884**	22,184,055
Non-controlling interests		**6,569,451**	6,817,056
Total equity		**29,691,335**	29,001,111

The attached notes 1 to 45 form part of these consolidated financial statements

	Note	2017 QR'000	2016 QR'000
LIABILITIES			
Non-current liabilities			
Loans and borrowings	26	**32,611,650**	37,435,014
Employees' benefits	27	**888,588**	924,777
Deferred tax liabilities	18	**376,897**	422,240
Other non-current liabilities	28	**1,963,028**	2,285,034
Total non-current liabilities		**35,840,163**	41,067,065
Current liabilities			
Loans and borrowings	26	**7,243,694**	3,313,079
Trade and other payables	29	**13,598,427**	14,307,134
Deferred income	25	**1,883,100**	1,827,393
Income tax payable	18	**1,323,060**	999,692
Total current liabilities		**24,048,281**	20,447,298
Total liabilities		**59,888,444**	61,514,363
TOTAL EQUITY AND LIABILITIES		**89,579,779**	90,515,474

Abdulla Bin Mohammed Bin Saud Al Thani
Chairman

Ali Shareef Al Emadi
Deputy Chairman

The attached notes 1 to 45 form part of these consolidated financial statements

Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

	Note	Attributable to shareholders of the Parent									
		Share capital QR'000	Legal reserve QR'000	Fair value reserve QR'000	Employees' benefit reserve QR'000	Translation reserve QR'000	Other statutory reserves QR'000	Retained earnings QR'000	Total QR'000	Non – controlling interests QR'000	Total Equity QR'000
At 1 January 2017		3,203,200	12,434,282	462,600	2,482	(6,319,028)	1,152,553	11,247,966	22,184,055	6,817,056	29,001,111
Profit for the year		–	–	–	–	–	–	1,966,515	1,966,515	428,614	2,395,129
Other comprehensive income (loss)		–	–	60,273	(14,979)	20,369	–	–	65,663	(68,693)	(3,030)
Total comprehensive income (loss) for the year		–	–	60,273	(14,979)	20,369	–	1,966,515	2,032,178	359,921	2,392,099
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend for 2016	30	–	–	–	–	–	–	(1,121,120)	(1,121,120)	–	(1,121,120)
Transfer to other statutory reserves		–	–	–	–	–	49,955	(49,955)	–	–	–
Transactions with non-controlling interest, recognised directly in equity											
Change in non-controlling interest of a subsidiary (i)		–	–	–	–	–	–	69,226	69,226	25,129	94,355
Change in associate's non-controlling interest of its subsidiary		–	–	–	–	–	–	671	671	–	671
Dividend for 2016		–	–	–	–	–	–	–	–	(632,303)	(632,303)
Transactions with non-owners of the Group, recognised directly in equity											
Transfer to social and sports fund	40	–	–	–	–	–	–	(41,269)	(41,269)	–	(41,269)
Transfer to employee association fund		–	–	–	–	–	–	(1,857)	(1,857)	(352)	(2,209)
At 31 December 2017		3,203,200	12,434,282	522,873	(12,497)	(6,298,659)	1,202,508	12,070,177	23,121,884	6,569,451	29,691,335

(i) One of the Group subsidiaries, Ooredoo Maldives, completed an initial public offering ("IPO') representing 9.5% shareholding on 20 July 2017. This resulted in total proceeds amounting to QR. 94.4 million and gain on disposal amounting to QR 69.2 million treated as an equity transaction.

The attached notes 1 to 45 form part of these consolidated financial statements

		Attributable to shareholders of the Parent									
	Note	Share capital QR'000	Legal reserve QR'000	Fair value reserve QR'000	Employees' benefit reserve QR'000	Translation reserve QR'000	Other statutory reserves QR'000	Retained earnings QR'000	Total QR'000	Non – controlling interests QR'000	Total Equity QR'000
At 1 January 2016		3,203,200	12,434,282	448,184	39,102	(5,565,599)	1,094,696	10,155,924	21,809,789	6,563,076	28,372,865
Profit for the year		–	–	–	–	–	–	2,192,554	2,192,554	554,809	2,747,363
Other comprehensive income (loss)		–	–	14,416	(36,620)	(753,429)	–	–	(775,633)	(66,805)	(842,438)
Total comprehensive income (loss) for the year		–	–	14,416	(36,620)	(753,429)	–	2,192,554	1,416,921	488,004	1,904,925
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend for 2015	30	–	–	–	–	–	–	(960,960)	(960,960)	–	(960,960)
Transfer to other statutory reserves		–	–	–	–	–	57,857	(57,857)	–	–	–
Transactions with non-controlling interest, recognised directly in equity											
Change in associate's non-controlling interest of its subsidiary		–	–	–	–	–	–	(1,786)	(1,786)	–	(1,786)
Dividend for 2015		–	–	–	–	–	–	–	–	(229,398)	(229,398)
Transactions with non-owners of the Group, recognised directly in equity											
Transfer to social and sports fund	40	–	–	–	–	–	–	(55,467)	(55,467)	–	(55,467)
Transfer to employee association fund		–	–	–	–	–	–	(24,442)	(24,442)	(4,626)	(29,068)
At 31 December 2016		3,203,200	12,434,282	462,600	2,482	(6,319,028)	1,152,553	11,247,966	22,184,055	6,817,056	29,001,111

The attached notes 1 to 45 form part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 QR'000	2016 QR'000
OPERATING ACTIVITIES			
Profit before income tax		**3,196,699**	3,126,759
Adjustments for:			
Depreciation and amortisation		**8,419,634**	8,364,066
Dividend income	9	**(28,424)**	(13,608)
Impairment loss on goodwill and other assets	15, 16	**4,772**	192,506
Reversal of impairment of assets		**(8,265)**	–
Gain on disposal of available-for-sale investments		**(1,295)**	(2,975)
Gain on disposal of property, plant and equipment		**(63,681)**	(31,645)
Gain on disposal of a subsidiary	41	**–**	(34,450)
Finance cost	8	**2,091,924**	2,139,686
Finance income	8	**(351,144)**	(331,143)
Provision for employees' benefits		**162,785**	304,205
Provision against doubtful debts		**296,346**	212,251
Share of results in associates and joint ventures – net of tax	15	**45,641**	(14,152)
Operating profit before working capital changes		**13,764,992**	13,911,500
Working capital changes:			
Changes in inventories		**(98,479)**	121,350
Changes in trade and other receivables		**(737,401)**	(257,942)
Changes in trade and other payables		**(659,066)**	(1,980,198)
Cash from operations		**12,270,046**	11,794,710
Finance costs paid		**(2,010,478)**	(2,097,764)
Employees' benefits paid	27	**(272,110)**	(179,856)
Income tax paid		**(560,566)**	(322,387)
Net cash from operating activities		**9,426,892**	9,194,703

The attached notes 1 to 45 form part of these consolidated financial statements

	Note	2017 QR'000	2016 QR'000
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(3,801,347)**	(5,705,965)
Acquisition of intangible assets		**(1,225,693)**	(2,652,941)
Net cash outflow from acquisition of a subsidiary	42	**–**	(131,816)
Investment in an associate		**(43,960)**	(24,743)
Investment in joint ventures		**(79,838)**	(38,596)
Investment in available-for-sale investments		**(20,218)**	(15,259)
Proceeds from disposal of property, plant and equipment		**117,121**	506,231
Proceeds from disposal of available-for-sale investments		**3,277**	3,842
Proceeds from disposal of a subsidiary	41	**–**	27,274
Movement in restricted deposits		**(106,210)**	(313,440)
Movement in short-term deposits		**(318,229)**	(201,027)
Movement in other non-current assets		**(108,264)**	89,470
Dividend received		**133,042**	120,628
Interest received		**351,144**	331,143
Net cash used in investing activities		**(5,099,175)**	(8,005,199)
FINANCING ACTIVITIES (i)			
Proceeds from loans and borrowings		**4,515,609**	10,193,590
Repayment of loans and borrowings		**(5,361,342)**	(12,352,098)
Proceeds from IPO transaction		**94,355**	–
Additions to deferred financing costs	26	**(8,076)**	(100,283)
Dividend paid to shareholders of the parent	30	**(1,121,120)**	(960,960)
Dividend paid to non-controlling interests		**(632,303)**	(229,398)
Movement in other non-current liabilities		**(286,046)**	130,779
Net cash used in financing activities		**(2,798,923)**	(3,318,370)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1,528,794**	(2,128,866)
Effect of exchange rate fluctuations		**4,078**	(41,904)
Cash and cash equivalents at 1 January		**15,562,730**	17,733,500
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	**17,095,602**	15,562,730

(i) Refer to Note 45 for the reconciliation of liabilities arising from financing activities.

The attached notes 1 to 45 form part of these consolidated financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

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 changed its legal name from Ooredoo Q.S.C. to Ooredoo Q.P.S.C. to comply with the provisions of the new Qatar Commercial Companies Law issued on 7 July 2015.

The Company is a telecommunications service provider licensed by the Communications Regulatory Authority (CRA) (formerly known as 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 CRA 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 Parent Company of the Group.

The consolidated financial statements of the Group for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 11 February 2018.

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), applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association.

b) Basis of measurement

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

- 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;

Historical cost is based on the fair value of the consideration given in exchange for goods and services. 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 statements 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 recognised 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.P.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.

3.1 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (including structured entities) and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties
- rights arising from contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

a) Business combinations and Goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired, and any amount of any non-controlling interest in the acquiree. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of 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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for noncontrolling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, we reassess whether we correctly identified all of the assets acquired and all of the liabilities assumed and review the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain on a bargain purchase is recognised in profit or loss.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.1 BASIS OF CONSOLIDATION continued

a) Business combinations and Goodwill continued

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, we report in our consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which is no longer than one year from the acquisition date, the provisional amounts recognised at acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, we also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill acquired in a business combination has yet to be allocated to identifiable CGUs because the initial accounting is incomplete, such provisional goodwill is not tested for impairment unless indicators of impairment exist and we can reliably allocate the carrying amount of goodwill to a CGU or group of CGUs that are expected to benefit from the synergies of the business combination. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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 consolidated statement of 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 ventures

Associates are those entities in which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in associates and joint ventures 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 on their behalf. 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.

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 ventures 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 ventures 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 consolidated financial statements only to the extent of unrelated group's interests in the associates or joint ventures.

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.1 BASIS OF CONSOLIDATION continued

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 and joint ventures 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 subsidiaries of the Group, incorporated in the consolidated financial statements of Ooredoo Q.P.S.C. are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Group effective shareholding percentage 2017	Group effective shareholding percentage 2016
Ooredoo Investment Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo International Investments L.L.C	Investment company	Qatar	**100%**	100%
Ooredoo Group L.L.C.	Management service company	Qatar	**100%**	100%
Ooredoo South East Asia Holding S.P.C	Investment company	Bahrain	**100%**	100%
West Bay Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo Asian Investments Pte. Ltd.	Investment company	Singapore	**100%**	100%
Al Dafna Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Al Khor Holding S.P.C.	Investment company	Bahrain	**100%**	100%
IP Holdings Limited	Investment company	Cayman Islands	**100%**	100%
Ooredoo Myanmar Tower Holding Co.	Investment company	Cayman Islands	**100%**	100%
wi-tribe Asia Limited	Investment company	Cayman Islands	**100%**	100%
Ooredoo Asia Pte. Ltd.	Investment company	Singapore	**100%**	100%
Ooredoo International Finance Limited	Investment company	Bermuda	**100%**	100%
MENA Investcom S.P.C.	Investment company	Bahrain	**100%**	100%
Omani Qatari Telecommunications Company S.A.O.G. ("Ooredoo Oman")	Telecommunication company	Oman	**55.0%**	55.0%
Starlink W.L.L.	Telecommunication company	Qatar	**72.5%**	72.5%
National Mobile Telecommunications Company K.S.C.P ("Ooredoo Kuwait")	Telecommunication company	Kuwait	**92.1%**	92.1%
Wataniya International FZ – L.L.C.	Investment company	United Arab Emirates	**92.1%**	92.1%
Al-Bahar United Company W.L.L. ("Phono")	Telecommunication company	Kuwait	**92.1%**	92.1%
Al Wataniya Gulf Telecommunications Holding Company S.P.C.	Investment company	Bahrain	**92.1%**	92.1%
Ooredoo Maldives PLC	Telecommunication company	Maldives	**83.3%**	92.1%
WARF Telecom International Pvt. Ltd.	Telecommunication company	Maldives	**54.2%**	59.9%
Wataniya Telecom Algerie S.P.A. ("Ooredoo Algeria")	Telecommunication company	Algeria	**74.4%**	74.4%
Ooredoo Consortium Ltd.	Investment company	Malta	**92.1%**	92.1%
Ooredoo Tunisia Holdings Ltd.	Investment company	Malta	**92.1%**	92.1%
Ooredoo Malta Holdings Ltd.	Investment company	Malta	**100%**	100%
Ooredoo Tunisie S.A.	Telecommunication company	Tunisia	**84.1%**	84.1%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("Wataniya Palestine") (i)	Telecommunication company	Palestine	**44.6%**	44.6%

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.1 BASIS OF CONSOLIDATION continued

f) Transactions eliminated on consolidation continued

Name of subsidiary	Principal activity	Country of incorporation	Group effective shareholding percentage 2017	2016
Raywood Inc.	Investment company	Cayman Islands	**100%**	100%
Newood Inc.	Investment company	Cayman Islands	**100%**	100%
Midya Telecom Company Limited ("Fanoos") (ii)	Telecommunication company	Iraq	**49.0%**	49.0%
Al-Rowad General Services Limited	Investment company	Iraq	**100%**	100%
Asiacell Communications PJSC	Telecommunication company	Iraq	**64.1%**	64.1%
wi-tribe Limited	Investment company	Cayman Islands	**86.1%**	86.1%
Barzan Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Laffan Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Zekreet Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo Myanmar Ltd.	Telecommunication company	Myanmar	**100%**	100%
Al Wokaer Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Al Wakrah Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo Tamweel Ltd.	Investment company	Cayman Islands	**100%**	100%
Ooredoo IP L.L.C.	Management service company	Qatar	**100%**	100%
Ooredoo Global Services FZ-L.L.C	Management service company	United Arab Emirates	**100%**	100%
Ooredoo Global Services L.L.C	Management service company	Qatar	**100%**	–
Seyoula International Investments S.P.C	Investment company	Qatar	**100%**	100%
Ooredoo Innovate FZ – L.L.C	Investment company	United Arab Emirates	**–**	100%
Fast Telecommunications Company W.L.L.	Telecommunication company	Kuwait	**92.1%**	92.1%
Ooredoo Myanmar Fintech Limited	Telecommunication company	Myanmar	**100%**	100%
OIH Investment L.L.C.	Investment company	Qatar	**100%**	–
Al Wokaer East L.L.C.	Investment company	Qatar	**100%**	–
Barzan East L.L.C.	Investment company	Qatar	**100%**	–
Mena Investcom L.L.C.	Investment company	Qatar	**100%**	–
Al Wakra East L.L.C.	Investment company	Qatar	**100%**	–
OSEA Investment L.L.C.	Investment company	Qatar	**100%**	–
PT. Indosat Tbk ("Indosat Ooredoo")	Telecommunication company	Indonesia	**65.0%**	65.0%
Indosat Singapore Pte. Ltd.	Management service company	Singapore	**65.0%**	65.0%
PT Indosat Mega Media	Telecommunication company	Indonesia	**64.9%**	64.9%
PT Starone Mitra Telekomunikasi	Telecommunication company	Indonesia	**65.0%**	65.0%
PT Aplikanusa Lintasarta (iii)	Telecommunication company	Indonesia	**47.0%**	47.0%
PT Artajasa Pembayaran Elektronis (iii)	Telecommunication company	Indonesia	**25.9%**	25.9%
PT Lintas Media Danawa (iii)	Investment company	Indonesia	**32.9%**	32.9%
PT Interactive Vision Media	Telecommunication company	Indonesia	**64.9%**	64.9%
PT Portal Bursa Digital (iii)	Investment company	Indonesia	**40.3%**	40.3%

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.1 BASIS OF CONSOLIDATION continued

f) Transactions eliminated on consolidation continued

(i) The Group holds 44.6% of Wataniya Palestine and has established control over the entity as it can demonstrate power through its indirect ownership of National Mobile Telecommunications Company K.S.C.P ("NMTC") by virtue of NMTC having more than 51% of the voting interests in Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("WPT"). This exposes and establishes rights of the Group to variable returns and gives ability to affect those returns through its power over WPT.

(ii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 100% (2016: 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. Although the Group holds less than a majority of the voting rights of MTCL, the Group can still demonstrate its power by virtue of shareholders' agreement entered into between Raywood and MTCL, Iraq. This arrangement exposes the Group to variable returns and gives the ability to affect those returns over MTCL.

(iii) The Group has the power, indirectly through PT Indosat Tbk ("Indosat Ooredoo") by virtue of Indosat Ooredoo having control over these companies. This exposes the Group to variable returns from their 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 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

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 2017. The adoption of the new and amended standards and interpretations did not have any material effect on the consolidated financial statements of the Group. They did however give rise to additional disclosures. The following standards, amendments and interpretations, which became effective 1 January 2017, are relevant to the Group:

3.2.1 New and revised IFRSs that are mandatorily effective

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these consolidated financial statements.

- Amendments to IAS 7 – Disclosure Initiative
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to IFRSs: 2014-16 Cycle – IFRS 12 Amendments

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

3.2.2 New and revised IFRSs in issue but not yet effective

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018
Amendments to IFRS 4 *Insurance Contracts:* Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	1 January 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IAS 40 *Investment Property:* Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 7 *Financial Instruments:* Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) continued

3.2.2 New and revised IFRSs in issue but not yet effective continued

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replaces *IAS 39 Financial Instruments: Recognition and Measurement.*

The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The impact of applying the Standard is still under final assessment; however based on management's initial assessment, the Group expects the first-time application of the Standard may not have a material impact on the consolidated financial statements.

Based on management's assessment, following are the expected affected areas on applying IFRS 9:

- Depending on the respective underlying business model, the new rules in relation to the classification of financial assets will in some cases give rise to changes in measurement and presentation. The Group has yet to elect whether to reclassify its Available for sale investments as FVTPL or FVTOCI. This classification on first time adoption is irrevocable.
- The new rules regarding the accounting of impairment losses will lead to expected losses having to be expensed earlier in some cases. The Group is in the process of developing their expected credit loss model (ECL) in accordance with the simplified approach under IFRS 9. The ECL model will be applied to trade receivables, related party receivables and other receivables.
- The exemption to measure unquoted equity investments at cost has been eliminated. Under IFRS 9, all investments in equity instruments (both quoted and unquoted) are required to be measured at fair value.
- The transition of existing hedging relationships to the new Standard are not expected to have any material financial impacts.

The Group will apply IFRS 9 from the period beginning January 1, 2018 and will not restate the prior periods. The differences between previous carrying amounts and those determined under IFRS 9 at the date of initial application will be included in the equity.

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) continued

3.2.2 New and revised IFRSs in issue but not yet effective continued

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 15 *Revenue from Contracts with Customers* were made to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The Group will utilize the option for modified transition approach, i.e., the contracts that are not complete by January 1, 2018 will be accounted for as if they had been recognised in accordance with IFRS 15 from the very beginning.

The cumulative effect arising from the transition will be recognised as an adjustment to the opening balance of equity in the year of initial application, i.e. 1 January 2018.

Prior-year comparatives will not be adjusted; instead, the Group will provide an explanation of the reasons for the changes in items in the consolidated statement of financial position and in the consolidated statement of profit or loss for the current period as a result of applying IFRS 15 for the first time.

The Group has assessed the impact on the consolidated financial statements upon initial application of IFRS 15 and provided the key impacts below:

- Revenue from transit services and value added services will be accounted for differently under IFRS 15. In consideration of the indicators of controls provided in IFRS 15, the Group has assessed that they will be acting as principal on these types of arrangement with the customers. As such the revenue will be accounted on a gross basis. This change will result to an increase in transit revenue and cost.
- The Group has loyalty schemes for the customers and award loyalty points under this scheme. These points can be applied to redeem different products and services from the Group or through its partners. Under IFRS 15, the Group has assessed that they will be acting as an agent for the loyalty points which are redeemed through partners.
- Connection fees charged by Group for activation of services will be recognised over the contract period under IFRS 15. Although the connection fee relates to activities that the Group is required to undertake at or near contract inception to fulfil the contract, it does not result in the transfer of a promised good or service to the customer and will be recognised as revenue when the associated goods or services are provided (i.e. as the identified performance obligations are satisfied).
- Installation cost, commission paid to third party dealers and marketing expenses that are incremental in obtaining the contract will be capitalized and amortized under IFRS 15. Recognised contract assets will be subject to impairment assessment under IFRS 9 requirements.
- In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, a large portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. This would lead to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the consolidated statement of financial position.

Management anticipates that IFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2018.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued
3.2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) continued
3.2.2 New and revised IFRSs in issue but not yet effective continued

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. Management have not yet performed a detailed analysis of the impact of the application of IFRS 16 and hence have not yet quantified the extent of the impact. Management anticipates that IFRS 16 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2019.	1 January 2019
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IFRS 9 (October 2017)	1 January 2019
Amendments to IAS 28 (October 2017)	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23 (December 2017)	1 January 2019
IFRS 17 *Insurance Contracts*	1 January 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraph, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3.3 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.

When deciding the most appropriate basis for presenting revenue and cost of revenue, we assess our revenue arrangements against specific criteria to determine if we are acting as principal or agent. We consider both the legal form and the substance of our agreement, to determine each party's respective roles in the agreement. We are acting as a principal when we have the significant risks and rewards associated with the rendering of telecommunication services.

When our role in a transaction is that of principal, revenue is presented on a gross basis, otherwise, revenue is presented on a net basis.

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 in the period of occurrence.

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue continued

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 or upon expiration of the prepaid cards.

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 their relative fair value to reflect the substance of the transaction. Where fair value is not directly observable, the total consideration is allocated using an appropriate allocation method. The cost of elements is immediately recognised in the consolidated statement of profit or loss.

Third party projects

Network infrastructure projects undertaken on behalf of third parties is measured on the percentage of completion method based on the costs incurred plus profits recognised to date less progress billings and recognised losses.

In the consolidated statement of financial position, projects in progress for which costs incurred plus recognised profits exceed progress billings and recognised 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 income 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 the 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 the 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 the 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.

Licence and spectrum fees

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

Amortisation is charged to the consolidated 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

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date.

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

Leases where we retain substantially all the risks and benefits of ownership of the asset are classified as operating leases. Any initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Leases continued

The Group as lessor *continued*

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 recognised on a straight-line basis over the life of the contract. Rental income from operating leases is recognised 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 recognised on a straight-line basis over the lease term.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

All other leases are classified as finance leases. A finance lease gives rise to the recognition of a leased asset and finance lease liability. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that we will obtain ownership of the leased asset at the end of the lease term. Interest expense is recognised over the lease term using the effective interest rate method ("EIR").

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 consolidated 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 ventures are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of current 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.

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Taxation continued

Deferred income tax

Deferred income tax is provided based 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.

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 the end of each 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 the end of each 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 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.

Current and deferred tax for the year

Current and deferred income tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 Group 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 consolidated 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.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Finance income and finance cost

Finance income comprises interest income on funds invested that is 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 effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions recognised in consolidated statement of other comprehensive income.

Other income/(expenses) – net

Other income comprises of 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.

Other expenses comprise of fair value losses on financial assets at fair value through profit or loss, losses on hedging instruments that are recognised in consolidated statement of profit or loss and reclassifications of net losses previously recognised in consolidated statement of 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 consolidated statement of 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 consolidated statement of profit or loss.

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

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

3.3 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 the consolidated statement of 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	2 – 10 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 derecognition 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.

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.

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 recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Intangible assets and goodwill continued

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.

Construction-in-progress related to IRU is initially presented as part of property, plant and equipment. When the construction or installation and related activities necessary to prepare the IRU for their intended use and operations have been completed, the related IRU will be transferred from property, plant and equipment to intangible assets.

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

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets.

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with IFRS 8, Operating Segments.

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	IRU, software and other intangibles
Useful lives	Finite (10 – 50 years)	Finite (2 – 8 years)	Finite (6 – 25 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
Internally generated or 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 purpose. Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and amortisation. Depreciation and amortisation of investment properties are computed using the straight line method over the estimated useful lives (EUL) of assets of twenty (20) years.

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 consolidated statement of profit or loss in the year of retirement or disposal.

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Fair value measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

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 consolidated 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.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

i) Non-derivative financial assets *continued*

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 the consolidated statement of 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 the consolidated statement of 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.

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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated statement of profit or loss where there is objective evidence that the asset is impaired. The allowance recognised 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.

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

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Derecognition of financial assets

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

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

Impairment 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 eligible 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 recognised 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 reporting date of the consolidated financial statements are considered as an event after the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 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 the consolidated statement of profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised 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 the consolidated statement of 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 the consolidated statement of 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.

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 derivatives 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.

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

v) 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 34.

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.

Where the effect of the assumed conversion of the convertible notes and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

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 recognised 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 reporting date, and are discounted to present value where the effect is material.

Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The Group records full provision for the future costs of decommissioning for network and other assets. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related network and other assets to the extent that it was incurred by the development/construction.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to network and other assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, the estimate for the revised value of network and other assets net of decommissioning provision exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated statement of profit or loss as a finance cost.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued
3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued
Provisions continued
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 the consolidated statement of 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 recognised 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES continued

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currency transactions continued

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 the consolidated statement of 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 the 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.

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

Impairment losses recognised 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 recognised 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.

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. Financial information on operating segments is presented in Note 39 to the consolidated financial statements.

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. Any post year-end events that are non-adjusting events are discussed on the consolidated financial statements when material.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

4 REVENUE

	2017 QR'000	2016 QR'000
Revenue from rendering of telecommunication services	**30,782,192**	30,808,107
Sale of telecommunications equipment	**1,636,762**	1,422,772
Revenue from use of assets by others	**316,078**	272,380
	32,735,032	32,503,259

5 OPERATING EXPENSES

	2017 QR'000	2016 QR'000
Outpayments and interconnect charges	**2,269,579**	2,515,274
Regulatory and related fees	**2,514,785**	2,184,928
Rentals and utilities – network	**1,710,222**	1,654,613
Network operation and maintenance	**2,221,699**	2,217,395
Cost of equipment sold and other services	**3,293,203**	3,217,385
Provision for obsolete and slow moving inventories	**8,794**	57,437
	12,018,282	11,847,032

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2017 QR'000	2016 QR'000
Employee salaries and associated costs	**3,271,585**	3,493,305
Marketing costs and sponsorship	**1,060,676**	1,192,582
Commission on cards	**958,667**	996,251
Legal and professional fees	**259,261**	291,473
Rental and utilities	**262,707**	287,418
Allowance for impairment of trade receivables	**296,346**	212,251
Repairs and maintenance	**76,754**	77,685
Other expenses	**702,612**	740,299
	6,888,608	7,291,264

7 DEPRECIATION AND AMORTISATION

	2017 QR'000	2016 QR'000
Depreciation of property, plant and equipment and investment property	**6,472,944**	6,465,166
Amortisation of intangible assets	**1,946,690**	1,898,900
	8,419,634	8,364,066

8 NET FINANCE COSTS

	2017 QR'000	2016 QR'000
Finance cost		
Interest expenses	**1,841,015**	1,877,277
Profit on Islamic financing obligation	**175,024**	171,782
Amortisation of deferred financing costs (Note 26)	**70,888**	79,286
Other finance charges	**4,997**	11,341
	2,091,924	2,139,686
Finance income		
Interest income	**(351,144)**	(331,143)
Net finance costs	**1,740,780**	1,808,543

9 OTHER INCOME – NET

	2017 QR'000	2016 QR'000
Foreign currency gain/(loss) – net	**81,166**	(124,000)
Dividend income	**28,424**	13,608
Rental income	**30,413**	31,429
Change in fair value of derivatives – net	**(10,539)**	(74,156)
Miscellaneous income – net (i)	**14,644**	709,063
	144,108	555,944

(i) In 2016, miscellaneous income includes an amount of QR 532,500 thousand related to reversal of a liability, which management considers as relinquished.

10 ROYALTIES AND FEES

	2017 QR'000	2016 QR'000
Royalty (i)	**307,810**	176,535
Industry fees (ii)	**234,679**	237,307
Other statutory fees (iii)	**22,235**	29,343
	564,724	443,185

(i) Royalty is payable to the Government of the Sultanate of Oman based on 12% (2016: 7%) of the net of predefined sources of revenue and operating expenses. Effective 1 January 2017, royalty rate increased from 7% to 12%.

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

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

11 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.

	2017	2016
Profit for the year attributable to shareholders of the parent (QR'000)	**1,966,515**	2,192,554
Weighted average number of shares (in '000)	**320,320**	320,320
Basic and diluted earnings per share (QR)	**6.14**	6.84

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

12 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 2016 – (Note 44)	8,200,190	53,328,578	6,469,854	3,411,871	71,410,493
Acquisition of a subsidiary	–	180,920	32,869	–	213,789
Disposal of a subsidiary	(6,013)	(268,936)	(129,156)	(17)	(404,122)
Additions	151,585	1,844,757	442,639	3,266,984	5,705,965
Transfers	190,054	2,719,645	451,213	(3,360,912)	–
Disposals	(400,632)	(543,109)	(93,093)	(34,676)	(1,071,510)
Reclassification	(45,401)	176,346	17,576	(216,796)	(68,275)
Exchange adjustment	47,375	69,543	(96,258)	(20,340)	320
At 31 December 2016	8,137,158	57,507,744	7,095,644	3,046,114	75,786,660
Additions (ii)	**82,033**	**1,032,645**	**237,744**	**2,905,570**	**4,257,992**
Transfers	**231,099**	**2,840,113**	**672,620**	**(3,743,832)**	**–**
Disposals (ii)	**(30,852)**	**(4,428,819)**	**(271,294)**	**(2,107)**	**(4,733,072)**
Reclassification	**(3,064)**	**(17,540)**	**(21,989)**	**(5,643)**	**(48,236)**
Exchange adjustment	**(145,988)**	**(466,578)**	**89,680**	**(33,136)**	**(556,022)**
At 31 December 2017	**8,270,386**	**56,467,565**	**7,802,405**	**2,166,966**	**74,707,322**
Accumulated depreciation					
At 1 January 2016 – (Note 44)	3,462,051	29,837,166	4,394,774	–	37,693,991
Acquisition of a subsidiary	–	150,487	26,623	–	177,110
Disposal of a subsidiary	(6,117)	(268,723)	(129,439)	–	(404,279)
Provided during the year	503,213	5,223,050	733,190	–	6,459,453
Disposals	(19,951)	(496,378)	(80,594)	–	(596,923)
Reclassification	(21,270)	(2,654)	2,459	–	(21,465)
Exchange adjustment	32,835	39,247	(43,314)	–	28,768
At 31 December 2016	3,950,761	34,482,195	4,903,699	–	43,336,655
Provided during the year	**506,301**	**5,133,814**	**824,701**	**–**	**6,464,816**
Disposals (ii)	**(25,919)**	**(3,960,785)**	**(236,283)**	**–**	**(4,222,987)**
Reclassification	**523**	**(1,670)**	**(11,482)**	**–**	**(12,629)**
Exchange adjustment	**(25,070)**	**(331,447)**	**(31,889)**	**–**	**(388,406)**
At 31 December 2017	**4,406,596**	**35,322,107**	**5,448,746**	**–**	**45,177,449**
Carrying value At 31 December 2017	**3,863,790**	**21,145,458**	**2,353,659**	**2,166,966**	**29,529,873**
At 31 December 2016	4,186,397	23,025,549	2,191,945	3,046,114	32,450,005

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

(ii) During the year, the Group has entered into a non-cash transaction for exchange of certain property, plant and equipment.

(iii) Due to the current security situation of certain locations in Iraq, Asiacell, one of the Group's subsidiaries, may be unable to effectively exercise control of some of its property and equipment. Based on an assessment performed by Asiacell, an insignificant amount of damage has occurred which has been provided for.

(iv) Asiacell reached an agreement with a local bank wherein it received properties in exchange for the equivalent value of the bank deposits. As at 31 December 2017, Asiacell had received parcels of lands and buildings located in Baghdad and Sulaymaniah amounting to QR 440,440 thousand. Currently, the legal title is transferred to a related party of Asiacell and it will be transferred in the name of Asiacell upon completing legal formalities. However, the Group has obtained an indemnity letter from the related party that these assets are under the Group's control and the ownership will be transferred upon completing the legal formalities.

(v) In 2014, the Group entered into an agreement to acquire land under a master development plan for which an amount of QR 378,619 thousand was paid to the master developer. During 2016, the agreement was cancelled and the Group disposed the land after getting refunded for the amount paid.

(vi) Certain property, plant and equipment amounting to QR 318,691 thousand (2016: QR 168,795 thousand) are used as collaterals to secure the Group's borrowings.

13 INTANGIBLE ASSETS AND GOODWILL

	Goodwill QR'000	License costs QR'000	Customer contracts and related customer relationship QR'000	Brand/ Trade names QR'000	IRU, software and other intangibles QR'000	Total QR'000
Cost						
At 1 January 2016 – (Note 44)	10,081,223	27,340,126	658,023	2,652,687	2,707,471	43,439,530
Acquisition of a subsidiary	23,233	122,253	3,073	–	–	148,559
Disposal of a subsidiary	(12,175)	(32,256)	–	–	(9,978)	(54,409)
Additions	–	1,453,517	–	–	276,304	1,729,821
Disposals	–	–	–	–	(5,026)	(5,026)
Reclassification	–	–	–	–	22,206	22,206
Exchange adjustment	(268,865)	(421,650)	(527)	18,657	(28,365)	(700,750)
At 31 December 2016	9,823,416	28,461,990	660,569	2,671,344	2,962,612	44,579,931
Additions	**–**	**522,531**	**–**	**–**	**740,032**	**1,262,563**
Disposals	**–**	**–**	**–**	**–**	**(779)**	**(779)**
Reclassification	**–**	**–**	**–**	**–**	**48,236**	**48,236**
Exchange adjustment	**(147,340)**	**(45,058)**	**(8,542)**	**(8,093)**	**(29,396)**	**(238,429)**
At 31 December 2017	**9,676,076**	**28,939,463**	**652,027**	**2,663,251**	**3,720,705**	**45,651,522**
Accumulated amortisation and impairment losses						
At 1 January 2016 – (Note 44)	620,804	8,855,608	658,023	1,364,586	1,771,697	13,270,718
Disposal of a subsidiary	(12,175)	(30,198)	–	–	(9,805)	(52,178)
Amortisation during the year	–	1,532,931	682	88,402	276,885	1,898,900
Disposals	–	–	–	–	(5,027)	(5,027)
Reclassification	–	–	–	–	306	306
Exchange adjustment	(17,145)	(100,787)	(498)	(9,700)	(21,812)	(149,942)
At 31 December 2016	591,484	10,257,554	658,207	1,443,288	2,012,244	14,962,777
Amortisation during the year	**–**	**1,551,250**	**1,019**	**87,974**	**306,447**	**1,946,690**
Reversal of impairment	**–**	**–**	**–**	**–**	**(8,265)**	**(8,265)**
Disposals	**–**	**–**	**–**	**–**	**(779)**	**(779)**
Reclassification	**–**	**–**	**–**	**–**	**12,629**	**12,629**
Exchange adjustment	**(12,638)**	**(30,837)**	**(8,565)**	**(5,227)**	**(25,276)**	**(82,543)**
At 31 December 2017	**578,846**	**11,777,967**	**650,661**	**1,526,035**	**2,297,000**	**16,830,509**
Carrying value At 31 December 2017	**9,097,230**	**17,161,496**	**1,366**	**1,137,216**	**1,423,705**	**28,821,013**
At 31 December 2016	9,231,932	18,204,436	2,362	1,228,056	950,368	29,617,154

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

13 INTANGIBLE ASSETS AND GOODWILL continued

i) Impairment testing of goodwill

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

	Carrying value	
Cash generating units	**2017 QR'000**	2016 QR'000
Ooredoo Kuwait	**566,349**	559,621
Ooredoo Algeria	**2,132,565**	2,107,232
Ooredoo Tunisie	**2,747,512**	2,903,600
Indosat Ooredoo	**3,222,548**	3,233,853
Asiacell, Iraq	**353,408**	353,408
Others	**74,848**	74,218
	9,097,230	9,231,932

Goodwill was tested for impairment as at 31 December 2017. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by 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, roaming revenue, average revenue 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 local market ten-year government bond is used, where available. If unavailable, 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.

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	**2017**	2016	**2017**	2016
Ooredoo Kuwait	**8.8%**	9.2%	**2.75%**	2.75%
Ooredoo Algeria	**10.7%**	10.6%	**2.75%**	2.75%
Ooredoo Tunisie	**10.0%**	10.5%	**2.75%**	2.75%
Indosat Ooredoo	**10.5%**	11.7%	**2.75%**	2.75%
Asiacell, Iraq	**14.3%**	15.8%	**2.75%**	2.75%
Ooredoo Myanmar	**16.1%**	16.7%	**4.00%**	4.00%

13 INTANGIBLE ASSETS AND GOODWILL continued

i) Impairment testing of goodwill continued

Key Assumptions used in value in use calculations continued

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:

	2017	2016
Ooredoo Kuwait	**2.3%**	2.2%
Ooredoo Algeria	**5.7%**	9.5%
Ooredoo Tunisie	**1.1%**	0.5%
Indosat Ooredoo	**6.4%**	3.7%
Asiacell, Iraq	**3.0%**	7.3%
Ooredoo Myanmar	**4.9%**	1.3%

14 INVESTMENT PROPERTY

	2017 QR'000	2016 QR'000
Cost		
At 1 January	**151,087**	105,018
Transfer from property, plant and equipment	**–**	46,069
At 31 December	**151,087**	151,087
Accumulated depreciation		
At 1 January	**82,029**	55,157
Transfer from property, plant and equipment	**–**	21,159
Provided during the year	**8,128**	5,713
At 31 December	**90,157**	82,029
Carrying value At 31 December	**60,930**	69,058

Investment property comprises of the portion of the Group's head quarter building rented to a related party. During 2016, the Group leased 2 additional floors to the related party, which increased the cost of the investment property to QR. 151,087 thousand.

There was a valuation exercise performed by an external valuer, and management believe that the fair value has not significantly changed since the latest valuation. The fair value of Investment property is approximately QR 77,000 thousand (2016: QR 77,000 thousand), which is higher than the carrying value at reporting dates. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties/other methods.

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15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The Group has the following investment in associates and joint ventures:

Associate/Joint Venture companies	Principal activity	Classification	Country of incorporation	Effective ownership 2017	Effective ownership 2016
Navlink, Inc., a Delaware Corporation	Managed Service Provider delivering technology solutions in the enterprise data market	Associate	United States of America	**38%**	38%
Asia Mobile Holdings Pte Ltd ("AMH")	Holding company	Associate	Singapore	**25%**	25%
PT Multi Media Asia Indonesia	Satellite based telecommunication services	Associate	Indonesia	**17%**	17%
MEEZA QSTP LLC	Information technology services	Associate	Qatar	**20%**	20%
PT Citra Bakti, Indonesia	Product certification and testing	Associate	Indonesia	**9%**	9%
Titan Bull Holdings Limited	Holding Company	Associate	Cayman Islands	**20%**	20%
Monetix SPA	Electronic Banking	Associate	Algeria	**19%**	19%
SB ISAT Fund, L.P.	Investment Management	Associate	Cayman Islands	**28%**	28%
PT Palapa Satelit Nusa Sejahtera	Satellite Telecommunication Operator and Services	Associate	Indonesia	**23%**	–
Mountain Indosat Company Ltd ("MCL")	Business Incubation and Digital Services	Associate	Hong Kong	**29%**	–
PT Satera Manajemen Persada Indonesia	Telecommunication Services and Equipment Provider	Associate	Indonesia	**32%**	–
Sadeem Telecom	Telecommunication Services and Investment	Joint venture	Qatar	**50%**	50%
Asia Internet Holding S.a r.l.,	Holding Company	Joint venture	Luxembourg	**50%**	50%

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

	Associates 2017 QR'000	**Joint ventures 2017 QR'000**	**Total 2017 QR'000**	Associates 2016 QR'000	Joint ventures 2016 QR'000	Total 2016 QR'000
Group's share of associates and joint ventures statement of financial position:						
Current assets	**913,629**	**96,779**	**1,010,408**	686,735	169,667	856,402
Non-current assets	**2,488,867**	**251,456**	**2,740,323**	2,276,679	277,931	2,554,610
Current liabilities	**(749,183)**	**(43,759)**	**(792,942)**	(637,188)	(25,558)	(662,746)
Non-current liabilities	**(1,995,992)**	**(30,098)**	**(2,026,090)**	(1,752,185)	(48,775)	(1,800,960)
Net assets	**657,321**	**274,378**	**931,699**	574,041	373,265	947,306
Goodwill	**985,047**	**203,190**	**1,188,237**	918,053	177,863	1,095,916
Carrying amount of the investments	**1,642,368**	**477,568**	**2,119,936**	1,492,094	551,128	2,043,222
Group's share of associates' and joint ventures' revenues and results:						
Revenues	**1,665,856**	**45,766**	**1,711,622**	1,704,262	26,913	1,731,175
Share of results – net of tax	**105,197**	**(150,838)**	**(45,641)**	111,141	(96,989)	14,152

The significant balance of investment in associates relates to Asia Mobile Holdings Pte Ltd. During the year, management has performed impairment test and based on the currently available information, there are no indicators of impairment in the value of investment in associates. The Group recorded an impairment loss amounting to QR Nil (2016: QR. 154,780 thousand). Management has incorporated estimated financial information of Asia Mobile Holdings Pte Ltd. in the Group's consolidated financial statements. These balances are unaudited. The significant balance of investment in joint ventures relates to Asia Internet Holding S.a.rl. The Group has applied market approach to determine the fair market value by using average share price.

During the year, the Group further funded a sum of QR 79,838 thousand (2016: QR 38,596 thousand) 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 108,180 thousand 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.

16 AVAILABLE-FOR-SALE INVESTMENTS

	2017 QR'000	2016 QR'000
Quoted equity investments	**5,116**	10,648
Unquoted equity investments	**806,812**	718,457
Investments in funds	**1,005**	3,637
	812,933	732,742

At 31 December 2017, certain unquoted equity investments amounting to QR 33,847 thousand (2016: QR 35,152 thousand) 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 4,772 thousand (2016: QR 37,726 thousand) on certain available-for-sale investments. In the opinion of management, based on the currently available information, there is no evidence of further impairment in the value of available-for-sale investments.

17 OTHER NON-CURRENT ASSETS

	2017 QR'000	2016 QR'000
Prepaid rentals	**321,266**	280,826
Other long term receivables	**266,349**	195,458
Others	**97,693**	109,792
	685,308	586,076

18 INCOME TAX

Income tax represents amounts recognised by subsidiary companies. The major components of income tax expense for the years 2017 and 2016 are:

	2017 QR'000	2016 QR'000
Current income tax		
Current income tax charge	**705,981**	392,050
Adjustments in respect of previous years' income tax	**177,953**	241,233
Deferred income tax		
Relating to origination and reversal of temporary differences	**(82,364)**	(253,887)
Income tax included in the consolidated statement of profit or loss	**801,570**	379,396

The Parent company is not subject to income tax in the State of Qatar. The tax rate applicable to the taxable subsidiaries is in the range of 10% to 35% (2016 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.

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18 INCOME TAX continued

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 Group tax reconciliation is presented as follows:

	2017 QR'000	2016 QR'000
Profit before tax	**3,196,699**	3,126,759
Profit of parent and subsidiaries not subject to corporate income tax	**(1,057,687)**	(1,419,234)
Profit of parent and subsidiaries subject to corporate income tax	**2,139,012**	1,707,525
Add/(Less):		
Allowances, accruals and other temporary differences	**303,701**	88,025
Expenses and income that are not subject to corporate tax	**994,912**	445,134
Depreciation – net of accounting and tax	**204,096**	301,789
Unutilised tax losses brought forward	**–**	(137,639)
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**3,641,721**	2,404,834
Income tax charge at the effective income tax rate of 19% (2016: 16%)	**705,981**	392,050

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2017 QR'000	2016 QR'000	**2017 QR'000**	2016 QR'000
Accelerated depreciation for tax purposes	**(25,394)**	(62,796)	**9,556**	45,798
Losses available to offset against future taxable income	**(92)**	4,273	**(139)**	(47,052)
Allowances, accruals and other temporary differences	**328,582**	306,610	**47,907**	229,945
Deferred tax origination on purchase price allocation	**(374,282)**	(400,340)	**25,040**	25,196
Deferred tax (liability)/deferred tax income – net	**(71,186)**	(152,253)	**82,364**	253,887

Reflected in the consolidated statement of financial position as follows:

	2017 QR'000	2016 QR'000
Deferred tax asset	**305,711**	269,987
Deferred tax liability	**(376,897)**	(422,240)
	(71,186)	(152,253)

Movement of deferred tax liability – net

	2017 QR'000	2016 QR'000
At 1 January	**152,253**	412,392
Tax income during the year	**(82,364)**	(253,887)
Tax on other comprehensive income	**(7,635)**	(19,299)
Exchange adjustment	**8,932**	13,047
At 31 December	**71,186**	152,253

19 INVENTORIES

	2017 QR'000	2016 QR'000
Subscribers' equipment	**436,209**	309,364
Other equipment	**266,950**	305,399
Cables and transmission equipment	**84,657**	95,502
	787,816	710,265
Less: Provision for obsolete and slow moving inventories	**(108,193)**	(129,121)
	679,623	581,144

Inventories consumed are recognised as expense and included under operating expenses. These amounted to QR 2,593,412 thousand (2016: QR 2,613,916 thousand).

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

	2017 QR'000	2016 QR'000
At 1 January	**129,121**	45,142
Acquisition of a subsidiary	**–**	4,073
Provided during the year	**8,794**	57,437
Amounts reversed (written off)	**(28,699)**	3,813
Exchange adjustment	**(1,023)**	18,656
At 31 December	**108,193**	129,121

20 TRADE AND OTHER RECEIVABLES

	2017 QR'000	2016 QR'000
Trade receivables – net of impairment allowances	**3,663,219**	3,010,126
Other receivables and prepayments	**3,466,534**	3,502,133
Unbilled subscribers revenue	**612,494**	768,857
Amounts due from international carriers – net	**362,550**	378,800
Positive fair value of derivatives contracts	**241**	4,152
Net prepaid pension costs	**226**	141
	8,105,264	7,664,209

At 31 December, trade receivables amounting to QR 1,447,631 thousand (2016 QR 1,199,188 thousand) were impaired and fully provided for.

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

	2017 QR'000	2016 QR'000
At 1 January	**1,199,188**	1,068,765
Disposal of a subsidiary	**–**	(33,357)
Acquisition of a subsidiary	**–**	27,409
Charge for the year	**296,346**	212,251
Amounts written off	**(41,202)**	(75,314)
Amounts recovered	**–**	(2,290)
Exchange adjustment	**(6,701)**	1,724
At 31 December	**1,447,631**	1,199,188

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20 TRADE AND OTHER RECEIVABLES continued

At 31 December 2017, the ageing of unimpaired trade receivables is as follows:

	Total QR '000	Neitherpast due nor impaired QR '000	Past due, not impaired 30-60 Days QR '000	60-90 Days QR '000	90-360 Days QR '000	> 360 Days QR '000
2017	**3,663,219**	**1,294,945**	**437,803**	**314,938**	**1,104,814**	**510,719**
2016	3,010,126	974,190	550,973	272,547	925,869	286,547

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.

21 CASH AND CASH EQUIVALENTS

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

	2017 QR'000	2016 QR'000
Bank balances and cash (i),(ii)	**18,459,188**	16,501,877
Less:		
Deposits with maturity of more than three months (iii)	**(519,256)**	(201,027)
Restricted deposits (iv)	**(844,330)**	(738,120)
Cash and cash equivalents as per consolidated statement of cash flows at 31 December	**17,095,602**	15,562,730

(i) Bank balances and cash equivalents include deposits maturing after three months amounting to QR 7,513,000 thousand (2016: QR 6,970,000 thousand). The Group is of the opinion that these deposits are readily convertible to cash and are held to meet short-term commitments.

(ii) Deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest on the respective deposit rates ranging from 0.50% to 9.50% (2016: 0.30% to 9.75%).

(iii) Deposits with maturity of more than three months were reclassified from bank balances and cash in the previous year (Refer to Note 44).

(iv) On 29 June 2016, Asiacell received a letter from one of its banks notifying that cash in the amount of QR. 173,971 thousand was transferred from current account to restricted cash. This is based on the Communications and Media Commission of Iraq letter dated 4 February 2016.

Also in 2016, Asiacell has transferred its cash from its current bank account to restricted account amounting QR. 104,345 thousand. Asiacell is in the process of reaching a settlement agreement with the bank.

The remaining balance pertains to certain restricted bank deposits maintained for dividend payments and the restricted cash related to the derivative financial instruments between the Group and a local bank.

(v) Certain cash and cash equivalents are used as collaterals to secure the Group's obligations.

22 SHARE CAPITAL

	2017		2016	
	No of shares (000)	**QR'000**	No of shares (000)	QR'000
Authorised				
Ordinary shares of QR 10 each				
At 1 January/31 December	**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	**320,320**	**3,203,200**	320,320	3,203,200

23 RESERVES

a) Legal reserve

In accordance with Qatar Commercial Companies Law No. 11 of 2015 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 thousand, 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 thousand, 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 Qatar Commercial Companies Law and the Company's Articles of Association.

23 RESERVES continued

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.

	2017 QR'000	2016 QR'000
Fair value reserve of available for sale investments	**514,323**	447,496
Cash flow hedge reserve	**8,550**	15,104
	522,873	462,600

c) Employees' 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.

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.

24 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2017 QR'000	2016 QR'000
Available-for-sale investments		
Gain/(loss) arising during the year	**62,642**	(23,380)
Reclassification to profit or loss	**(1,295)**	(2,975)
Transfer to profit or loss on impairment	**4,772**	37,726
	66,119	11,371
Cash flow hedges		
Gain/(loss) arising during the year	**117**	(314)
Deferred tax effect	**(36)**	5
	81	(309)
Employees' benefit reserve		
Net movement in employees' benefit reserve	**(30,717)**	(75,632)
Deferred tax effect	**7,671**	19,294
	(23,046)	(56,338)
Associates and joint ventures		
Share of changes in fair value	**(6,585)**	2,011
	(6,585)	2,011
Translation reserves		
Foreign currency translation differences – foreign operations	**(39,599)**	(803,058)
Exchange differences transferred to profit or loss	**–**	3,885
	(39,599)	(799,173)
Other comprehensive loss for the year – net of tax	**(3,030)**	(842,438)

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25 DEFERRED INCOME

Deferred income pertains to unearned revenue from services that will be provided in future periods. It primarily includes revenue from the unused and unutilized portion of prepaid cards sold, value of loyalty points not yet redeemed and advance billing to customers. The sale of prepaid cards is deferred until such time as the customer uses the airtime, or the credit expires.

26 LOANS AND BORROWINGS

Presented in the consolidated statement of financial position as:

	2017 QR'000	2016 QR'000
Non-current liabilities		
Secured loan	**459,218**	935,455
Unsecured loan	**11,150,383**	11,871,923
Islamic Finance	**456,946**	4,827,746
Bonds	**20,785,401**	20,103,562
Less: Deferred financing cost	**(240,298)**	(303,672)
	32,611,650	37,435,014
Current liabilities		
Secured loan	**297,725**	346,686
Unsecured loan	**1,594,315**	2,036,676
Islamic Finance	**4,637,872**	64,625
Bonds	**762,202**	913,064
Less: Deferred financing cost	**(48,420)**	(47,972)
	7,243,694	3,313,079
	39,855,344	40,748,093

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

	2017 QR'000	2016 QR'000
At 1 January	**351,644**	328,800
Additions during the year	**8,076**	100,283
Amortised during the year (Note 8)	**(70,888)**	(79,286)
Exchange adjustment	**(114)**	1,847
At 31 December	**288,718**	351,644

26 LOANS AND BORROWINGS continued

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

Type	Currency	Nominal Interest/Profit rate	Year of maturity	**2017 QR'000**	2016 QR'000
Unsecured loan	USD	0% – 5.85%	On demand – Jan 21	**11,211,974**	11,733,715
Unsecured loan	TND	TMM Rate + 1.10% – 1.75%	Jun 18 – Mar 21	**489,283**	753,434
Unsecured loan	KWD	2.65% – 3.20%	Oct 19	**–**	162,040
Unsecured loan	IDR	2.00% – 8.95%	Apr 18 – Feb 24	**482,407**	1,041,095
Secured loan	USD	5.69% to LIBOR +5.25% – 6.00%	Sep 18 – Sep 24	**476,139**	486,199
Secured loan	DZD	5.50%	Sep 20	**427,046**	1,014,257
Secured Loan	KWD	3.14% to 3.15%	Jan 18 – Apr 18	**414,792**	–
Islamic Finance	IDR	7.00% – 11.20%	Jun 18 – Jun 25	**540,832**	334,835
Islamic Finance	USD	3.04%	Dec 18	**4,551,877**	4,551,877
Islamic Finance	KWD	7.00%	Jul 18	**2,109**	5,659
Bonds	USD	3.25% – 7.88%	Jun 19 – Jan 43	**17,661,282**	17,661,282
Bonds	IDR	6.15% – 11.20%	Jun 18 – Sept 26	**3,886,321**	3,355,344
				40,144,062	41,099,737
Less: Deferred financing costs				**(288,718)**	(351,644)
Total				**39,855,344**	40,748,093

(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 bank balances, property plant and equipment amounting to QR 318,691 thousand (2016: QR 168,795 thousand) and cash collateral.

(iii) Bonds are listed on London, Irish and Indonesia Stock Exchanges. Certain bonds are unconditionally and irrevocably guaranteed by Ooredoo Q.P.S.C.

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

27 EMPLOYEES' BENEFITS

	2017 QR'000	2016 QR'000
Employees' end of service benefits	**458,035**	431,114
Post-retirement health care plan	**196,898**	222,554
Cash settled share based payments	**232,118**	332,919
Defined benefit pension plan/Labour Law No. 13/2003	**120,147**	99,546
Other employees' benefits	**14,863**	12,962
Total employees' benefits	**1,022,061**	1,099,095
Current portion of cash settled share based payments (Note 29)	**(133,473)**	(174,318)
Employees' benefits – non current	**888,588**	924,777

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27 EMPLOYEES' BENEFITS continued

Movement in the provision for employees' benefits are as follows:

	2017 QR'000	2016 QR'000
At 1 January	**1,099,095**	894,515
Acquisition of a subsidiary	**–**	10,257
Disposal of a subsidiary	**–**	(4,088)
Provided during the year	**162,785**	304,205
Paid during the year	**(272,110)**	(179,856)
Other comprehensive income	**30,717**	71,773
Exchange adjustment	**1,574**	2,289
At 31 December	**1,022,061**	1,099,095

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

Plan A – Post-retirement healthcare plan

One of the subsidiaries, Indosat 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 Ooredoo, 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 Ooredoo, 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.

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.

	2017			2016		
	Plan A	Plan B	Plan C	Plan A	Plan B	Plan C
Annual discount rate	**7.5%**	**7.0% – 7.25%**	**8.0% –8.5%**	8.8%	8.5%	8.0%–8.5%
Ultimate cost trend rate	**6.0%**	**–**	**–**	6.0%	–	–
Next year trend rate	**10.0%**	**–**	**–**	10.0%	–	–
Period to reach ultimate cost trend rate	**8 Years**	**–**	**–**	8 years	–	–
Increase in compensation	**–**	**6.5%**	**3.0% – 9.0%**	–	7.0%	3.0% – 9.0%
Mortality rate	**–**	**–**	**TMI 2011**	–	–	TMI 2011

27 EMPLOYEES' BENEFITS continued

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.

	2017			2016		
	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	**226,948**	**101,682**	**(15,457)**	141,545	90,486	(25,122)
Included in profit or loss						
Interest cost	**19,036**	**8,281**	**(5,536)**	13,824	8,302	(2,339)
Service cost	**7,508**	**11,229**	**6,285**	5,355	9,865	6,914
Curtailment gain	**(68,733)**	**–**	**–**	(2,990)	2,957	–
Immediate recognition of past service cost – vested benefit	**–**	**(2,251)**	**450**	–	(2,372)	283
	(42,189)	**17,259**	**1,199**	16,189	18,752	4,858
Included in other comprehensive income						
Other comprehensive income	**24,363**	**6,044**	**310**	70,094	1,679	3,859
Other movements						
Contribution	**–**	**–**	**(330)**	–	–	(252)
Benefit payment	**(5,475)**	**(2,534)**	**–**	(3,891)	(11,011)	–
Refund	**–**	**–**	**189**	–	–	703
Exchange adjustment	**(1,933)**	**111**	**19**	3,011	1,776	497
	(7,408)	**(2,423)**	**(122)**	(880)	(9,235)	948
At 31 December	**201,714**	**122,562**	**(14,070)**	226,948	101,682	(15,457)
Current portion	**4,816**	**2,415**	**(226)**	4,394	2,136	(141)
Non-current portion	**196,898**	**120,147**	**(13,844)**	222,554	99,546	(15,316)

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

	2017	2016
Investments in:		
- Shares of stocks and properties	**29.53%**	35.67%
- Mutual fund	**46.94%**	40.18%
- Time deposits	**10.38%**	13.69%
- Debt securities	**11.87%**	10.36%
- Others	**1.28%**	0.10%

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27 EMPLOYEES' BENEFITS continued

Sensitivity analysis on defined benefit obligation

Quantitative sensitivity analysis for each 1% change in the following significant assumptions as of 31 December 2017 are as follows:

	Impact of change in assumptions to defined benefit obligation	
	Increase	Decrease
Pension benefit cost		
- Discount rate	Decrease by 5.49% – 9.82%	Increase by 6.00% – 11.39%
Obligation under Labor Law		
- Discount rate	Decrease by 8.99% – 11.58%	Increase by 10.34% – 13.65%
Post-retirement healthcare benefit		
- Discount rate	Decrease by 13.92%	Increase by 17.73%
- Medical cost trend	Increase by 5.18%	Decrease by 5.63%

28 OTHER NON-CURRENT LIABILITIES

	2017 QR'000	2016 QR'000
License cost payables (i)	**686,961**	794,805
Site restoration provision	**79,575**	78,068
Finance lease liabilities (Note 32)	**686,046**	796,342
Deferred gain on finance leases	**135,457**	173,867
Others	**374,989**	441,952
	1,963,028	2,285,034

(i) This represents amounts payable to Telecom regulators in Indonesia, Palestine and Myanmar for license charges.

29 TRADE AND OTHER PAYABLES

	2017 QR'000	2016 QR'000
Trade payables	**4,534,037**	4,722,161
Accrued expenses	**5,094,968**	5,335,801
Interest payable	**371,157**	362,739
Profit payable on islamic financing obligation	**14,651**	12,511
License costs payable	**336,605**	321,797
Amounts due to international carriers – net	**471,510**	696,270
Negative fair value of derivatives	**45,338**	9,451
Finance lease liabilities (Note 32)	**154,462**	149,674
Cash settled share based payments (Note 27)	**133,473**	174,318
Other payables	**2,442,226**	2,522,412
	13,598,427	14,307,134

30 DIVIDEND

Dividend paid and proposed

	2017 QR'000	2016 QR'000
Declared, accrued and paid during the year		
Final dividend for 2016, QR 3.5 per share (2015 : QR 3 per share)	**1,121,120**	960,960
Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December)		
Final dividend for 2017, QR 3.5 per share (2016 : QR 3.5 per share)	**1,121,120**	1,121,120

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

31 DERIVATIVE FINANCIAL INSTUMENTS

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	
	2017 QR'000	2016 QR'000
Cross currency swaps	**69,189**	–
Currency forward contracts	**70,099**	433,339
Interest rate swaps	**32,191**	48,286
Fair value derivatives	**304,567**	304,567
	476,046	786,192

	Fair values			
	2017		2016	
	Positive QR'000	**Negative QR'000**	Positive QR'000	Negative QR'000
Cross currency swaps	**2**	**134**	–	–
Currency forward contracts	**–**	**312**	4,151	3,123
Interest rate swaps	**–**	**1,049**	–	2,475
Fair value derivatives	**–**	**43,722**	–	3,853
	2	**45,217**	4,151	9,451

Cash flow hedges

At 31 December 2017, the Group has several interest rates swap and currency forward contracts entered into with a view to limit its floating interest rate 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.

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31 DERIVATIVE FINANCIAL INSTUMENTS 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
31 December 2017			
Currency forward contracts	**121**	**–**	**182,075**
Interest rate swaps	**–**	**239**	**104,180**
	121	**239**	**286,255**
31 December 2016			
Interest rate swaps	–	1	528,216

32 COMMITMENTS

Capital expenditure commitments

	2017 QR'000	2016 QR'000
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**2,610,737**	2,529,101

Operating lease commitments

	2017 QR'000	2016 QR'000
Future minimum lease payments:		
Not later than one year	**481,206**	559,346
Later than one year and not later than five years	**1,844,125**	2,142,209
Later than five years	**2,146,811**	3,030,564
Total operating lease expenditure contracted for at 31 December	**4,472,142**	5,732,119

Finance lease commitments

	2017 QR'000	2016 QR'000
Amounts under finance leases		
Minimum lease payments		
Not later than one year	**229,308**	239,881
Later than one year and not later than five years	**770,458**	851,483
Later than five years	**54,030**	144,988
	1,053,796	1,236,352
Less: unearned finance income	**(213,288)**	(290,336)
Present value of minimum lease payments	**840,508**	946,016

32 COMMITMENTS continued

Finance lease commitments continued

	2017 QR'000	2016 QR'000
Present value of minimum lease payments		
Current portion (Note 29)	**154,462**	149,674
Non-current portion (Note 28)	**686,046**	796,342
	840,508	946,016

	2017 QR'000	2016 QR'000
Letters of credit	**253,428**	109,831

33 CONTINGENT LIABILITIES

	2017 QR'000	2016 QR'000
Letters of guarantees	**654,258**	744,358
Claims against the Group not acknowledged as debts	**2,208**	15,521

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 per cent 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.

On 8 July 2013, the Indonesia Corruption Court imposed a fine 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. A written decision of the Supreme Court was received in January 2015 which confirmed that the Supreme Court had upheld the former President Director's of IM2 prison sentence of eight years and that the fine against IM2 of approximately USD 130 million had been reinstated.

On 16 March 2015, the former President Director's of IM2 submission of judicial review was officially registered at the Corruption Court. Since the Criminal Case Verdict and the Administrative Case Verdict were contradictory, BPKP (State Audit Bureau) filed on 16 March, 2015 a Judicial Review on the Administrative Case in order to annul the previous Administrative Case Verdict. Due to the BPKP's Judicial Review, on 13 October, 2015 the Supreme Court has issued a verdict (on Administrative Case) which stated that the BPKP audit report held by BPKP is valid.

On the Supreme Court's official website, the Supreme Court on 4 November, 2015 issued a verdict (on Criminal Case) that rejected the Judicial Review submitted by the former President Director of IM2. To date PT Indosat Tbk. has not yet received the official copy of the verdict. PT Indosat Tbk. is preparing a second judicial review for the Criminal Case.

On 28 March 2016, the former President Director of IM2 and IM2 filed a tort lawsuit of unlawful act against Ministry of Communication and IT (MOCIT) and BPKP at the Central Jakarta District Court. On 22 November 2016, the Central Jakarta District Court dismissed the lawsuit. On 15 August 2017, an appeal was lodged with the Jakarta High Court on which gave a ruling against MOCIT and BPKP, as stated on its official website. Further, MOCIT and BPKP filed an appeal to the Supreme Court against the ruling.

The Group has made adequate provision for this case.

33 CONTINGENT LIABILITIES continued

Litigation and claims continued

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 from 2004 to 2007 for an amount of QR 241.0 million and a further tax demand notice by the GCT for the years 2008, 2009-2010 and 2011-2012 for an amount of QR 138.0 million, QR 240.0 million and QR 212 million, respectively relating to corporate income tax.

Asiacell raised an objection against each of these claims and has paid all the above amounts under protest for 2004-2010 tax assessments and advance payment of QR 146 million relating to 2011-2012 tax assessment 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 Asiacell has strong grounds to challenge each of these claims.

c) Proceedings against Asiacell relating to regulatory fee

On 10 June 2014, the Communications and Media Commission (CMC) issued a letter notifying the Company that the structure of the Company in relation to ownership of the shares in its capital does not fulfill the License requirements as an Iraqi Company to pay 15% of its gross revenue as a regulatory fee, as per license agreement.

Consequently the CMC requested the Company to pay a regulatory fee of 18% of gross revenues instead of 15%. The amount requested by CMC was QR 276 million (USD 76 million) from the period that the CMC is claiming that the Iraqi ownership had changed until the end of first half of 2013. The Company has made an appeal against this claim. On 11 November 2014, the CMC issued a letter notifying the Company that they revised the claim relating to the additional 3% and that the total new amount from June 2012 to 30 June 2014 should be equal to QR 370.7 million (USD 101.8 million). The Company has a full provision against this claim amounting to QR 675.9 million (USD 185.6 million). In January 2016, the Erbil Court of Cassation has issued a final decision in favor of the company.

On 4 February 2016, the CMC sent a letter for restricted use of certain bank accounts of Asiacell, for CMC's benefit. This is against a disputed amount for which the company already has a court decision in their favor.

In July 2014, Asiacell disputed the CMC's decision and appealed it to the CMC Appeal Board and subsequently to the Iraqi courts on the basis that Asiacell is entitled to benefit from the 3% discount in the regulatory fee as it's an Iraqi Company with a majority Iraqi Shareholder. The dispute progressed from the Court of First Instance to the Kurdistan Court of Cassation, which, on 27 January 2016, ruled in favor of Asiacell and concluded that the CMC is not entitled to apply the 18% license fee to Asiacell as it is an Iraqi company with Iraqis owning more than 84% of its shares. Asiacell implemented the court decision at the Karadda Execution Office in Baghdad.

In June 2017, the Iraqi Ministry of Finance raised a "third party objection" case at Erbil Court against its own decision. On 9 August 2017, the Court dismissed the objection and confirmed its past decision. After an appeal, the Cassation Court, on 17 October 2017, ruled against the Ministry of Finance and confirmed the decision in favor of Asiacell.

The Group has made full provision against this claim.

d) Proceedings against Asiacell relating to frequency spectrum fee

On 10 September 2014, the Communication and Media Commission (CMC) issued a letter notifying the Company to pay frequency spectrum usage fees of QR 224.1 million (USD 61.7 million) for the period from the date frequencies were allocated to the Company to 31 December 2013. The Company has made an appeal against this claim. The CMC has not provided the method of calculation and the Company is disputing the basis for its calculation.

In January 2015, Asiacell appealed the CMC 2014 decision to the CMC's Appeal Board, which dismissed the CMC 2014 decision and instructed to determine the spectrum fees in coordination with Asiacell and best international practices.

On 29 June 2016, CMC sent a new letter to Asiacell asking it to pay the total amount of QR 167.5 million (USD 45.7 million) and in response to the CMC letter, Asiacell committed itself to pay an adjusted amount and in December 2016 paid an amount QR 163 million (USD 44.8 million) to CMC. This proceeding is considered closed from a legal perspective.

e) Deduction disallowed in corporate income tax assessment

On 20 November 2014, Indosat received an assessment letter of tax overpayment ("SKPLB") from the DGT where, the DGT made a correction totaling QR 88 million (having a Corporate Tax impact of QR 22 million), which decreased the tax loss carried forward as of 31 December 2012. On 18 February 2015, Indosat submitted an objection letter to the Tax Office regarding the above correction. The tax objection was declined by the Tax Authority, and Indosat has filed an appeal with the Tax Court.

On 27 December 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 30 million and QR 26 million, respectively, which was paid on 24 January 2014. On 20 March 2014, Indosat submitted objection letters to the Tax Office regarding this correction on Indosat's 2007 and 2008 corporate income tax, respectively. The tax objection was declined by the Tax Office and Indosat has filed an appeal with the Tax Court.

33 CONTINGENT LIABILITIES continued

Litigation and claims continued

f) Withholding tax deducted by Indosat at lower rate

On 20 November 2014, Indosat received SKPLBs from the DGT for Indosat's 2012 income tax article 26 amounting to QR 168 million (including potential penalties). On 18 February 2015, Indosat submitted objection letters to the Tax Office regarding the correction that was declined by the Tax Authorities and Indosat has filed an appeal with the Tax Court.

g) Preliminary tax notification issued on Wataniya Telecom Algeria

In July 2017, the tax authorities started a tax audit covering the period from 2013 to 2016. A preliminary notification was issued on 26 December 2017 for a total amount of QR 122 million for the year 2013. Wataniya Telecom Algeria will file objection letter on this notification letter.

h) Tax notification issued to Ooredoo Tunisie

In October 2017, Ooredoo Tunisie received a preliminary tax notification covering the period from 2013-2015. The total amount claimed by Tax Authority is QR 144 million. In November 2017, the management has submitted an objection letter to the Tax Authority.

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 payables 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 2017, after taking into the effect of interest rate swaps, approximately 69% of the Group's borrowings are at a fixed rate of interest (2016: 68%).

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	Consolidated statement of changes in equity +25 b p QR'000
At 31 December 2017		
USD LIBOR	**(28,162)**	**716**
Others	**(2,997)**	**–**
At 31 December 2016		
USD LIBOR	(28,597)	1,321
Others	(4,588)	–

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34 FINANCIAL RISK MANAGEMENT continued

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.

	2017 QR'000 Assets (Liabilities)	2016 QR'000 Assets (Liabilities)
Indonesian Rupiah (IDR)	**6,042,211**	5,979,111
Kuwaiti Dinar (KD)	**10,486,471**	10,278,082
US Dollars (USD)	**(2,909,402)**	(3,587,101)
Euro (EUR)	**(60,382)**	(39,404)
Great British Pounds (GBP)	**(1,297)**	(2,312)
Tunisian Dinar (TND)	**345,398**	197,654
Algerian Dinar (DZD)	**(599,472)**	(1,493,673)
Iraqi Dinar (IQD)	**416,425**	(454,735)
Myanmar Kyat (MMK)	**298,530**	308,377
Maldivian Rufiyaa (MVR)	**352,706**	–
Others	**1,711**	1,826

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	
	2017 + 10% QR'000	2016 + 10% QR'000	**2017 + 10% QR'000**	2016 + 10% QR'000
Indonesian Rupiah (IDR)	**–**	–	**604,221**	597,911
Kuwaiti Dinar (KD)	**–**	–	**1,048,647**	1,027,808
Tunisian Dinar (TND)	**–**	–	**34,540**	19,765
Algerian Dinar (DZD)	**–**	–	**(59,947)**	(149,367)
Myanmar Kyat (MMK)	**–**	–	**29,853**	30,838
Maldivian Rufiyaa (MVR)	**–**	–	**35,271**	–
US Dollars (USD)	**(290,940)**	(358,710)	**–**	–
Euro (EUR)	**(6,038)**	(3,940)	**–**	–
Great British Pounds (GBP)	**(130)**	(231)	**–**	–
Iraqi Dinar (IQD)	**41,643**	(45,474)	**–**	–

34 FINANCIAL RISK MANAGEMENT continued

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
2017		
Abu Dhabi Stock Exchange (ADX)	**10%**	**297**
Kuwait Stock Exchange (KSE)	**15%**	**–**
Indonesia Stock Exchange (IDX)	**10%**	**215**
2016		
Abu Dhabi Stock Exchange (ADX)	10%	282
Kuwait Stock Exchange (KSE)	15%	257
Indonesia Stock Exchange (IDX)	10%	612

The Group also has unquoted investments amounting to QR. 33,847 thousand (2016: 35,152 thousand) 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.

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:

	2017 QR'000	2016 QR'000
Qatar	**1,233,654**	1,059,608
Other countries	**2,429,565**	1,950,518
	3,663,219	3,010,126

With respect to credit risk arising from the other financial assets, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2017 QR'000	2016 QR'000
Bank balances (excluding cash)	**18,237,275**	16,381,719
Positive fair value of derivatives	**241**	4,152
Amounts due from international carriers	**362,550**	378,800
Unbilled subscriber revenue	**612,494**	768,857
	19,212,560	17,533,528

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks 60% (2016: 66%) 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.

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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 the Group's 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 2017					
Loans and borrowings	**9,055,005**	**9,582,496**	**14,765,075**	**15,481,354**	**48,883,930**
Trade payables	**4,534,037**	**–**	**–**	**–**	**4,534,037**
License costs payable	**351,816**	**281,146**	**268,775**	**399,067**	**1,300,804**
Finance lease liabilities	**229,308**	**215,790**	**554,668**	**54,030**	**1,053,796**
Other financial liabilities	**650,321**	**178,220**	**–**	**–**	**828,541**
	14,820,487	**10,257,652**	**15,588,518**	**15,934,451**	**56,601,108**

	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 2016					
Loans and borrowings	5,093,986	7,759,267	17,860,608	19,910,535	50,624,396
Trade payables	4,722,161	–	–	–	4,722,161
License costs payable	386,083	277,881	550,125	105,251	1,319,340
Finance lease liabilities	239,881	239,594	611,889	144,988	1,236,352
Other financial liabilities	880,039	236,669	–	–	1,116,708
	11,322,150	8,513,411	19,022,622	20,160,774	59,018,957

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 2017 and 31 December 2016.

Capital includes share capital, legal reserve, other statutory reserves and retained earnings and is measured at QR 28,910,167 thousand at 31 December 2017 (2016: QR 28,038,001 thousand).

The Group's management reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio as at 31 December 2017 is 72% (2016: 84%).

34 FINANCIAL RISK MANAGEMENT continued

Capital management continued

Gearing ratio

The gearing ratio at year end was as follows:

	2017 QR'000	2016 QR'000
Debt (i)	**39,855,344**	40,748,093
Cash and bank balances	**(18,459,188)**	(16,501,877)
Net debt	**21,396,156**	24,246,216
Equity (ii)	**29,691,335**	29,001,111
Net debt to equity ratio	**72%**	84%

(i) Debt is the long term debt obtained as, as detailed in Note 26.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

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	
	2017 QR'000	2016 QR'000	2017 QR'000	2016 QR'000
Financial assets				
Available-for-sale investments	**812,933**	732,742	**812,933**	732,742
Trade and other receivables	**4,638,504**	4,161,935	**4,638,504**	4,161,935
Bank balances and cash	**18,459,188**	16,501,877	**18,459,188**	16,501,877
Financial liabilities				
Loans and borrowings	**40,144,062**	41,099,737	**40,936,370**	41,636,677
Other non-current liabilities	**686,961**	794,805	**686,961**	794,805
Finance lease liabilities	**840,508**	946,016	**840,508**	946,016
Trade and other payables	**8,348,997**	8,821,659	**8,348,997**	8,821,659
Income tax payable	**1,323,060**	999,692	**1,323,060**	999,692

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 loans from banks and other financial debts, 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 for differences 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.

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35 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 December 2017 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Assets:				
Financial assets measured at fair value				
Available-for-sale investments	**779,086**	**5,116**	**227,876**	**546,094**
Derivative financial instruments	**241**	**–**	**241**	**–**
	779,327	**5,116**	**228,117**	**546,094**
Liabilities:				
Other financial liability measured at fair value				
Derivative financial instruments	**45,338**	**–**	**45,338**	**–**
Other financial liability for which fair value is disclosed				
Loans and borrowings	**40,936,370**	**27,413,054**	**13,523,316**	**–**
	40,981,708	**27,413,054**	**13,568,654**	**–**

	31 December 2016 QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Assets:				
Financial assets measured at fair value				
Available-for-sale investments	697,590	10,648	193,001	493,941
Derivative financial instruments	4,152	–	4,152	–
	701,742	10,648	197,153	493,941
Liabilities:				
Other financial liability measured at fair value				
Derivative financial instruments	9,451	–	9,451	–
Other financial liability for which fair value is disclosed				
Loans and borrowings	41,636,677	26,261,685	15,374,992	–
	41,646,128	26,261,685	15,384,443	–

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 the Qatar 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

As stated in Note 1, Qatar Holding L.L.C. is the Parent Company of Ooredoo Q.P.S.C. Group, which is controlled by Qatar Investment Authority.

The Group enters into commercial transactions with the Government and 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. Following are the significant balances and transactions between the Company and the Government and other Government related entities.

- Trade receivables – net of impairment include an amount of QR. 285,258 thousand (2016: QR. 366,766 thousand) receivable from Government and Government related entities.
- The most significant amount of revenue from a Government related entity was earned from a contract with the Ministry of Foreign Affairs, amounting to QR. 38,192 thousand (2016: QR. 18,564 thousand).
- Industry fee (Note 10) pertains to the industry fee payable to CRA, a Government related entity.

In accordance with IAS 24 (revised 2009) Related Party Disclosures, the Group has elected not to disclose transactions with the Qatar Government and other entities over which the Qatar Government exerts control, joint control or significant influence. The nature of transactions that the Group has with such related parties relates to provision of telecommunication services.

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 25,700 thousand was proposed for the year ended 31 December 2017 (2016: QR 27,824 thousand). The compensation and benefits related to key management personnel amounted to QR 362,785 thousand (2016: QR 442,604 thousand) and end of service benefits amounted to QR 17,051 thousand (2016: QR 26,237 thousand). 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 6.

37 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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".

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37 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES continued

Judgements continued

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.

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.

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.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant or prolonged decline in the fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount has been determined based on value in use calculations. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 13).

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 properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above.
A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase depreciation expense and decrease noncurrent assets

37 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES continued

Estimates continued

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 based on the expected pattern of consumption of future economic benefits embodied in the asset.

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 reporting 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.

Derecognition of financial liability

The Group's management applies judgment to derecognise a financial liability when situations may arise where a liability is considered unlikely to result in an outflow of economic resources. This is determined when the obligation specified in the contract or otherwise is discharged or cancelled or expires.

Decommissioning liability

The Group records full provision for the future costs of decommissioning for network and other assets. The assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the network assets cease to produce at economically viable rates. This, in turn, will depend upon future technologies, which are inherently uncertain.

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.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The Group believes that sufficient taxble profit will be available to allow or part of the deferred tax assets to be utilized. 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.

Notes to the Consolidated Financial Statements
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37 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES continued

Estimates continued

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.

Licences and spectrum fees
The estimated useful life is generally the term of the licence unless there is a presumption of renewal at negligible cost. Using the licence term reflects the period over which the Group will receive economic benefit. For technology specific licences with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the licence. The economic lives are periodically reviewed taking into consideration such factors as changes in technology. 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 its Loyalty programmes, which are within the scope of IFRIC 13, Customer Loyalty Programme, by 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.

Uncertain tax exposures
In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities or recoverable amount of the claim refund due to ongoing investigations by, or discussions with the various taxation authorities. In determining the amount to be recognised in respect of uncertain tax liability or the recoverable amount of the claim for tax refund related to uncertain tax positions, the Group applies similar considerations as it would use in determining the amount of a provision to be recognised in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets and* IAS 12*, Income Taxes.*

Estimation of financial information
The Group accounts for its investment in associate using equity accounting as required by IAS 28, *Investments in Associates and Joint Ventures* and IFRS 11*, Joint Arrangements*. For the investment where information is not available at the reporting date, the Group has estimated the financial information based on the historical trends, quarterly financial information, budgets and future forecasts. Management believes that estimated financial information is reasonable.

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 QR'000	NMTC* QR'000	Indosat Ooredoo QR'000	Ooredoo Oman QR'000
31 December 2017				
Non-current assets	**6,186,502**	**11,864,071**	**11,767,695**	**3,035,192**
Current assets	**3,925,288**	**4,055,774**	**2,544,494**	**731,187**
Non-current liabilities	**(284,022)**	**(2,451,786)**	**(5,853,973)**	**(193,732)**
Current liabilities	**(4,762,662)**	**(6,083,615)**	**(4,501,306)**	**(1,306,342)**
Net assets	**5,065,106**	**7,384,444**	**3,956,910**	**2,266,305**
Carrying amount of NCI	**1,820,443**	**1,606,178**	**1,603,451**	**1,021,117**
Revenue	**4,490,037**	**8,374,088**	**8,234,267**	**2,670,143**
Profit	**111,468**	**618,262**	**460,366**	**293,337**
Profit allocated to NCI	**40,063**	**135,424**	**190,519**	**131,429**

38 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON – CONTROLLING INTERESTS continued

	Asiacell QR'000	NMTC* QR'000	Indosat Ooredoo QR'000	Ooredoo Oman QR'000
31 December 2016				
Non-current assets	7,404,198	13,117,223	12,325,255	3,217,859
Current assets	2,904,851	3,437,036	2,111,502	554,844
Non-current liabilities	(418,459)	(3,137,519)	(5,419,174)	(119,303)
Current liabilities	(4,047,219)	(5,756,507)	(5,325,774)	(1,422,838)
Net assets	5,843,371	7,660,233	3,691,809	2,230,562
Carrying amount of NCI	2,100,158	1,627,029	1,513,744	1,003,753
Revenue	4,217,383	8,514,770	7,994,421	2,638,821
Profit	84,584	849,367	348,182	438,055
Profit allocated to NCI	30,400	237,176	152,207	197,125

* This includes the Group's subsidiaries with material non-controlling interest (NCI) within NMTC sub-group (Wataniya Telecom Algerie S.P.A. ("Ooredoo Algeria"), Ooredoo Tunisie S.A. (Ooredoo Tunisia), Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("Wataniya Palestine")) before any intra-group eliminations.

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 group* is a provider of mobile telecommunication services in Kuwait and elsewhere in the Middle East and North African (MENA) region. NMTC group includes balances of Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Algeria, Wataniya Palestine, Ooredoo Maldives PLC and others. Management believe that presenting NMTC as one segment will provide the most relevant information to the users of the consolidated financial statement of the Group, as NMTC is a public listed company in Kuwait and it presents detailed segment note in its consolidated financial statements, which are publically available.
4) *Indosat Ooredoo* 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;
6) *Ooredoo Myanmar* is a provider of mobile and fixed telecommunication services in Myanmar; and

7) 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 2017 and 2016:

Year ended 31 December 2017

	Ooredoo Qatar QR'000	Asiacell QR'000	NMTC QR'000	Indosat Ooredoo QR'000	Ooredoo Oman QR'000	Ooredoo Myanmar QR'000	Others QR'000	Adjustments and eliminations QR'000		Total QR'000
Revenue										
Third party	7,352,162	4,472,217	8,152,104	8,223,000	2,660,324	1,319,647	555,578	–		32,735,032
Inter-segment	438,479	17,820	221,984	11,267	9,819	3,858	163,107	(866,334)	(i)	–
Total revenue	7,790,641	4,490,037	8,374,088	8,234,267	2,670,143	1,323,505	718,685	(866,334)		32,735,032
Results										
Segment profit/(loss) before tax	1,792,635	442,619	1,199,185	713,174	461,417	(503,439)	(383,798)	(525,094)	(ii)	3,196,699
Depreciation and amortisation	861,173	1,415,495	1,680,748	2,536,964	641,317	726,687	32,156	525,094	(iii)	8,419,634
Net finance costs	914,961	37,218	101,924	625,710	19,728	39,854	1,385	–		1,740,780

Year ended 31 December 2016

	Ooredoo Qatar QR'000	Asiacell QR'000	NMTC QR'000	Indosat Ooredoo QR'000	Ooredoo Oman QR'000	Ooredoo Myanmar QR'000	Others QR'000	Adjustments and eliminations QR'000		Total QR'000
Revenue										
Third party	7,308,672	4,205,718	8,247,359	7,972,881	2,630,215	1,461,375	677,039	–		32,503,259
Inter-segment	697,904	11,665	267,411	21,540	8,606	8,492	162,386	(1,178,004)	(i)	–
Total revenue	8,006,576	4,217,383	8,514,770	7,994,421	2,638,821	1,469,867	839,425	(1,178,004)		32,503,259
Results										
Segment profit/(loss) before tax	2,417,130	389,882	1,072,122	512,508	576,301	(827,721)	(554,710)	(458,753)	(ii)	3,126,759
Depreciation and amortisation	828,679	1,430,004	1,738,099	2,577,844	622,035	668,324	40,328	458,753	(iii)	8,364,066
Net finance costs	947,868	24,254	125,062	652,075	23,145	34,843	1,296	–		1,808,543

39 SEGMENT INFORMATION continued

Operating segments continued

Note:

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Segment profit before tax does not include the following:

	2017 QR'000	2016 QR'000
Amortisation of intangible assets	**(525,094)**	(458,753)

(iii) Amortisation relating to additional intangible assets 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 2017 and 2016.

	Ooredoo Qatar QR'000	Asiacell QR'000	NMTC QR'000	Indosat Ooredoo QR'000	Ooredoo Oman QR'000	Ooredoo Myanmar QR'000	Others QR'000	Adjustments and eliminations QR'000	Total QR'000
Segment assets (i)									
At 31 December 2017	**19,483,794**	**9,959,541**	**21,644,579**	**15,178,801**	**3,744,225**	**6,428,654**	**4,042,955**	**9,097,230**	**89,579,779**
At 31 December 2016	18,676,837	10,157,657	22,432,052	15,407,894	3,756,177	7,294,186	3,558,739	9,231,932	90,515,474
Capital expenditure (ii)									
At 31 December 2017	**814,042**	**202,005**	**1,359,443**	**1,899,725**	**445,888**	**788,630**	**10,822**	**–**	**5,520,555**
At 31 December 2016	964,197	443,583	1,789,973	2,327,909	606,664	1,290,561	12,899	–	7,435,786

Note:

(i) Goodwill amounting to QR 9,097,230 thousand (31 December 2016: QR 9,231,932 thousand) 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.

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For the year ended 31 December 2017

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 41,269 thousand (2016: QR 55,467 thousand) representing 2.5% of the net profit generated from Qatar Operations.

41 DISPOSAL OF A SUBSIDIARY

On 27 March 2016, the Group completed the legal formalities relating to the disposal of one of its subsidiaries, Wi-tribe Pakistan for a net consideration of QR 27,274 thousand. The net liability of the subsidiary at the date of disposal was QR 7,176 thousand, therefore, a gain of QR34,450 thousand was recognised on this disposal transaction.

42 ACQUISITION OF A SUBSIDIARY

On 2 May 2016, the Group acquired control over Fast Telecommunications Company W.L.L, Kuwait (FASTtelco), through an acquisition of 100% equity interest (ordinary equity shares) for a total consideration of QR 132,612 thousand. The net cash outflow on acquisition, net of cash acquired with the subsidiary of QR 796 thousand, amounted to QR 131,816 thousand. Goodwill recognised as a result of the acquisition amounted to QR 23,233 thousand.

	QR'000
Purchase consideration	132,612
Net assets acquired	(109,379)
Goodwill	23,233

Cash flows upon acquisition of FASTtelco:

	QR'000
Purchase consideration settled in cash	132,612
Cash and cash equivalents in subsidiary acquired	(796)
Cash outflow on acquisition	131,816

Based on the final Purchase Price Allocation (PPA) report received, goodwill and fair value adjustments on acquisition have been reflected.

Analysis of assets and liabilities acquired:

	Fair value on acquisition QR'000
Assets	
Property and equipment	36,679
Intangible assets and goodwill	125,326
Other non-current assets – Deferred cost	14,290
Inventories	5,466
Trade and other receivables	43,783
Bank balances and cash	796
	226,340

42 ACQUISITION OF A SUBSIDIARY continued

Analysis of assets and liabilities acquired continued

	Fair value on acquisition QR'000
Liabilities	
Loans and borrowings	26,095
Employee benefits	10,257
Trade and other payables	80,609
	116,961
Net assets acquired	109,379
Purchase consideration	(132,612)
Goodwill arising upon acquisition	23,233

The above goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise from the acquisition.

43 EVENT AFTER THE REPORTING DATE

One of the Group's joint venture, Asia Internet Holdings S.ar.l, entered into a Sale and Purchase Agreement with a third party for the disposal of one of its major subsidiary, Daraz Group (the "Subsidiary") which was approved and agreed on 6 February 2018.

Other than as disclosed in the consolidated financial statements, there are no other material events subsequent to the reporting date, which have a bearing on the understanding of these consolidated financial statements.

44 COMPARATIVE INFORMATION

a) During the year, one of the Group's subsidiaries has correctly reclassified from intangible assets to property, plant and equipment. The reclassification was within the non-current assets and did not affect previously reported profit or shareholders' equity.

	As previously Reported 1 January 2016 QR'000	Adjustment QR'000	**As reclassified 1 January 2016 QR'000**
Consolidated statement of financial position			
Property, plant and equipment			
Cost	70,872,348	538,145	**71,410,493**
Accumulated depreciation	(37,346,126)	(347,865)	**(37,693,991)**
Intangible assets and goodwill			
Cost	43,977,675	(538,145)	**43,439,530**
Accumulated amortisation	(13,618,583)	347,865	**(13,270,718)**

Notes to the Consolidated Financial Statements
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44 COMPARATIVE INFORMATION continued

b) During the year, the Group has reclassified certain fixed deposits from cash and cash equivalents to deposits with maturity of more than three months. The reclassification was within the current assets and did not affect previously reported profit or shareholders' equity.

	As previously Reported 31 December 2016 QR'000	Adjustment QR'000	**As reclassified 31 December 2016 QR'000**
Consolidated statement of cash flows			
Investing activities			
Movement in short-term deposits	–	(201,027)	**(201,027)**
Net cash used in investing activities	(7,804,172)	(201,027)	**(8,005,199)**
Cash and cash equivalents at 31 December	15,763,757	(201,027)	**15,562,730**

45 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2017 QR'000	Financing cash flows (i) QR'000	Non-cash changes (ii) QR'000	Other changes (iii) QR'000	**31 December 2017 QR'000**
Loans and borrowings (Note 26)	41,099,737	(845,733)	–	(109,942)	**40,144,062**
Other non-current liabilities (Note 28)	2,285,034	(286,046)	–	(35,960)	**1,963,028**
Deferred finance cost (Note 26)	(351,644)	(8,076)	70,888	114	**(288,718)**

Note

(i) The financing activities in the statement of cash flows mainly includes the cash flows from loans and borrowings and other non-current liabilities.

(ii) The non-cash changes pertain to the amortisation of deferred financing costs.

(iii) Other changes include exchange adjustments and reclassification.

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