OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2013

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2013

CONTENTS **Page (s)**

Independent auditors' report	1 - 2
Consolidated financial statements	
Consolidated statement of profit or loss	3
Consolidated statement of comprehensive income	4
Consolidated statement of financial position	5 - 6
Consolidated statement of cash flows	7 - 8
Consolidated statement of changes in equity	9 - 10
Notes to the consolidated financial statements	11 - 86

KPMG
Audit
2nd Floor
Area 25, C Ring Road
PO Box 4473, Doha
State of Qatar

Telephone +974 4457 6444
Fax +974 4442 5626
Website www.kpmg.com.qa

Independent auditors' report

To
The shareholders
Ooredoo Q.S.C
(formerly known as Qatar Telecom (Qtel) Q.S.C.)
Doha
State of Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ooredoo Q.S.C (formerly known as Qatar Telecom (Qtel) Q.S.C.) ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG, is a registered firm under Qatar law, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Emphasis of matter

Without qualifying our opinion, we draw attention to note 33 (c) to the consolidated financial statements, which describes the nature of an ongoing lawsuit relating to a subsidiary of the Group. Legal proceedings related to the lawsuit are in progress and the ultimate outcome of the matter cannot presently be determined.

Report on other legal requirements

We have obtained all the information and explanation which we considered necessary for the purpose of our audit. The Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. A physical count of inventory has been conducted in accordance with the established principles. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained thereon is consistent with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No 5 of 2002 or the terms of Company's Articles of Association having occurred during the year which might have had a material adverse effect on the business of the Company or consolidated financial position of the Group as of 31 December 2013.

4 March 2014
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2013

	Note	***2013 QR'000***	*2012 QR'000 (Restated)*
Continuing operations			
Revenue	5	**33,851,340**	33,475,609
Operating expenses	6	**(11,084,389)**	(10,363,051)
Selling, general and administrative expenses	7	**(8,225,083)**	(7,579,728)
Depreciation and amortisation	8	**(7,662,849)**	(7,612,457)
Net finance costs	9	**(2,020,882)**	(1,921,006)
Impairment of financial assets	14(ii)	**(41,638)**	(427,465)
Other (expense) / income – net	10	**(684,748)**	522,152
Share of results of associates – net of tax	16	**97,869**	34,621
Royalties and fees	11	**(334,474)**	(315,995)
Profit before income taxes		**3,895,146**	5,812,680
Income tax	19	**(611,889)**	(977,154)
Profit from continuing operations		**3,283,257**	4,835,526
Discontinued operation			
Profit / (loss) from discontinued operation – net of tax	41	**10,073**	(181,038)
Profit for the year		**3,293,330**	4,654,488
Profit attributable to:			
Shareholders of the parent		**2,578,657**	2,946,567
Non-controlling interests		**714,673**	1,707,921
		3,293,330	4,654,488
Basic and diluted earnings per share (Attributable to shareholders of the parent) (Expressed in QR per share)	12	**8.05**	9.89

The attached notes 1 to 43 form part of these consolidated financial statements

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	Note	***2013 QR'000***	*2012 QR'000 (Restated)*
Profit for the year		**3,293,330**	4,654,488
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale investments	25	**231,204**	135,013
Effective portion of changes in fair value of cash flow hedges	25	**903**	326,528
Net changes in fair value of employee benefit reserve	25	**237,111**	(92,616)
Share of other comprehensive income of associates	25	**2,843**	1,443
Foreign currency translation differences	25	**(3,097,213)**	(1,343,894)
Other comprehensive income for the year – net of tax		**(2,625,152)**	(973,526)
Total comprehensive income for the year		**668,178**	3,680,962
Total comprehensive income attributable to:			
Shareholders of the parent		**552,327**	2,470,591
Non-controlling interests		**115,851**	1,210,371
		668,178	3,680,962

The attached notes 1 to 43 form part of these consolidated financial statements

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

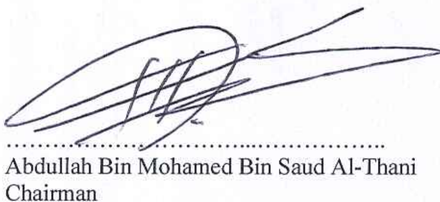
	Note	***2013*** ***QR'000***	*2012* *QR'000* *(Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	13	**32,315,832**	32,436,114
Intangible assets and goodwill	14	**31,473,769**	34,746,171
Investment property	15	**60,363**	66,459
Investment in associates	16	**1,752,172**	1,873,384
Available-for-sale investments	17	**2,704,493**	2,633,650
Other non-current assets	18	**697,244**	908,160
Deferred tax assets	19	**50,703**	74,581
Total non-current assets		**69,054,576**	72,738,519
Current assets			
Inventories	20	**537,311**	358,767
Trade and other receivables	21	**7,144,061**	6,095,508
Bank balances and cash	22	**20,304,571**	15,006,026
Assets held for distribution	41	**375,136**	6,504
Total current assets		**28,361,079**	21,466,805
TOTAL ASSETS		**97,415,655**	94,205,324
EQUITY			
Share capital	23	**3,203,200**	3,203,200
Legal reserve	24 (a)	**12,434,282**	12,434,282
Fair value reserve	24 (b)	**1,326,369**	1,084,494
Employment benefit reserve	24 (c)	**43,165**	(110,958)
Translation reserve	24 (d)	**(1,665,232)**	757,096
Other statutory reserves	24 (e)	**980,788**	825,245
Retained earnings		**8,645,312**	9,442,505
Equity attributable to shareholders of the parent		**24,967,884**	27,635,864
Non-controlling interests		**7,459,448**	9,095,772
Total equity		**32,427,332**	36,731,636

The attached notes 1 to 43 form part of these consolidated financial statements

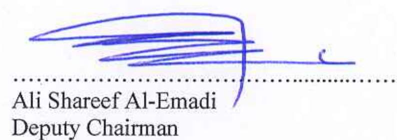
OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2013

	Note	*2013 QR'000*	*2012 QR'000 (Restated)*
LIABILITIES			
Non-current liabilities			
Loans and borrowings	26	**37,254,452**	32,018,641
Employees benefits	27	**696,964**	928,385
Deferred tax liabilities	19	**879,216**	1,370,136
Other non-current liabilities	28	**2,625,857**	2,676,470
Total non-current liabilities		**41,456,489**	36,993,632
Current liabilities			
Loans and borrowings	26	**8,057,873**	7,307,914
Trade and other payables	29	**12,673,203**	10,971,994
Deferred income		**1,739,333**	1,658,471
Income tax payable		**561,122**	505,019
Liabilities held for distribution	41	**500,303**	36,658
Total current liabilities		**23,531,834**	20,480,056
Total liabilities		**64,988,323**	57,473,688
TOTAL EQUITY AND LIABILITIES		**97,415,655**	94,205,324



Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman



Ali Shareef Al-Emadi
Deputy Chairman

The attached notes 1 to 43 form part of these consolidated financial statements

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	Note	***2013 QR'000***	*2012 QR'000 (Restated)*
OPERATING ACTIVITIES			
Profit before income taxes		**3,895,146**	5,812,680
Profit / (loss) from discontinued operation	41	**10,073**	(181,038)
Adjustments for:			
Depreciation and amortization		**7,750,832**	7,784,235
Dividend income	10	**(43,851)**	(84,141)
Impairment of financial assets	14(ii)	**41,638**	427,465
(Gain) / loss on disposal of available-for-sale investments	10	**(84,065)**	2,068
Gain on disposal of property, plant and equipment		**(64,527)**	(468,399)
Loss on sale of a subsidiary	41	**1,071**	-
Net finance costs		**2,021,028**	1,923,093
Provision for employees' benefits		**299,392**	110,585
Provision for trade receivables		**209,589**	213,088
Share of results of associates – net of tax	16	**(97,869)**	(34,621)
Operating profit before working capital changes		**13,938,457**	15,505,015
Working capital changes:			
Change in inventories		**(184,580)**	(5,705)
Change in trade and other receivables		**(1,169,385)**	(491,012)
Change in trade and other payables		**2,027,835**	139,576
Cash from operations		**14,612,327**	15,147,874
Finance costs paid		**(2,088,862)**	(2,379,098)
Employees' benefits paid	27	**(129,884)**	(139,100)
Income taxes paid		**(858,947)**	(812,858)
Net cash from operating activities		**11,534,634**	11,816,818
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	**(9,297,933)**	(7,315,716)
Acquisition of intangible assets	14	**(493,731)**	(941,395)
Net cash outflows from acquisition of a subsidiary		**-**	(111,932)
Additional investment in an associate		**-**	(377)
Acquisition of available-for-sale investments		**(18,601)**	(126,768)
Proceeds from disposal of property, plant and equipment		**517,520**	852,405
Proceeds from disposal of available-for-sale investments		**183,594**	140,120
Proceeds from disposal of a subsidiary		**510**	-
Movement in restricted deposits		**(90,626)**	(10,843)
Movement in other non-current assets		**98,861**	(26,753)
Dividend received		**70,223**	84,141
Interest received		**282,908**	503,488
Net cash used in investing activities		**(8,747,275)**	(6,953,630)

The attached notes 1 to 43 form part of these consolidated financial statements

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
Year ended 31 December 2013

	Note	***2013*** ***QR'000***	*2012* *QR'000* (Restated)
FINANCING ACTIVITIES			
Proceeds from right shares issued		-	6,855,345
Proceeds from loans and borrowings		**16,141,243**	9,784,683
Repayment of loans and borrowings		**(9,010,541)**	(16,084,719)
Acquisition of non-controlling interest		**(2,185,257)**	(11,804,684)
Additions to deferred financing costs	26	**(156,063)**	(138,141)
Dividend paid to shareholders of the parent		**(1,601,600)**	(528,000)
Dividend paid to non-controlling interests		**(1,160,762)**	(738,335)
Movement in other non-current liabilities		**(10,195)**	1,351,185
Net cash from / (used in) financing activities		**2,016,825**	(11,302,666)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**4,804,184**	(6,439,478)
Effect of exchange rate fluctuations		**598,553**	189,672
Cash and cash equivalents at 1 January		**14,801,082**	21,050,888
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	22	**20,203,819**	14,801,082

The attached notes 1 to 43 form part of these consolidated financial statements

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2013

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

The attached notes 1 to 43 form part of these consolidated financial statements

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2013

		Attributable to shareholders of the parent									
	Notes	*Share capital*	*Legal reserve*	*Fair value reserve*	*Employee benefit reserve*	*Translation reserve*	*Other statutory reserves*	*Retained earnings*	*Total*	*Non – controlling interests*	*Total Equity*
		QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*
At 1 January 2012		1,760,000	6,494,137	672,843	-	1,586,124	706,036	9,836,707	21,055,847	18,336,947	39,392,794
Impact of change in IAS 19	42	-	-	-	(52,359)	-	-	7,903	(44,456)	(25,772)	(70,228)
Recognition of non-controlling interest	42	-	-	-	-	-	-	(88,869)	(88,869)	88,869	-
At 1 January 2012 (Restated)		1,760,000	6,494,137	672,843	(52,359)	1,586,124	706,036	9,755,741	20,922,522	18,400,044	39,322,566
Profit for the year		-	-	-	-	-	-	2,946,567	2,946,567	1,707,921	4,654,488
Other comprehensive income		-	-	411,651	(58,599)	(829,028)	-	-	(475,976)	(497,550)	(973,526)
Total comprehensive income for the year (Restated)		-	-	411,651	(58,599)	(829,028)	-	2,946,567	2,470,591	1,210,371	3,680,962
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend for 2011	30	-	-	-	-	-	-	(528,000)	(528,000)	-	(528,000)
Rights shares issued		915,200	5,940,145	-	-	-	-	-	6,855,345	-	6,855,345
Bonus shares issued	30	528,000	-	-	-	-	-	(528,000)	-	-	-
Transfer to other statutory reserves		-	-	-	-	-	119,209	(119,209)	-	-	-
Transactions with non-controlling interest, recognised directly in equity											
Recognition of non-controlling interests		-	-	-	-	-	-	-	-	6,974	6,974
Acquisition of non-controlling interests	4.2	-	-	-	-	-	-	(2,046,475)	(2,046,475)	(9,759,698)	(11,806,173)
Dividend paid		-	-	-	-	-	-	-	-	(738,335)	(738,335)
Other movements		-	-	-	-	-	-	-	-	(23,584)	(23,584)
Transactions with non-owners of the group											
Transfer to social and sports fund		-	-	-	-	-	-	(38,119)	(38,119)	-	(38,119)
At 31 December 2012 (Restated)		3,203,200	12,434,282	1,084,494	(110,958)	757,096	825,245	9,442,505	27,635,864	9,095,772	36,731,636

The attached notes 1 to 43 form part of these consolidated financial statements

1 REPORTING ENTITY

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

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

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

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

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

2 BASIS OF PREPARATION

a) Statement of compliance

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

The consolidated financial statements of the Group for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 4 March 2014.

b) Basis of measurement

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

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

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

3.1 BASIS OF CONSOLIDATION

a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 3.4). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

b) Non-controlling interests ("NCI")

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

c) Subsidiaries

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

d) Loss of control

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

(e) Interests in associates

Associates are those entities in which the Group has significant influence, but not control or joint control.

Interests in associates 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, until the date on which significant influence ceases.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION

f) Transactions eliminated on consolidation

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

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

Name of subsidiary	*Country of incorporation*	*Group effective shareholding percentage*	
		2013	*2012*
Qtel Investment Holdings S.P.C	Bahrain	**100%**	100%
Qtel International Investments L.L.C.	Qatar	**100%**	100%
Ooredoo Group L.L.C. (formerly known as Qtel Group L.L.C.)	Qatar	**100%**	100%
Qtel South East Asia Holding S.P.C	Bahrain	**100%**	100%
Qtel West Bay Holding S.P.C	Bahrain	**100%**	100%
Ooredo Asian Investments Pte. Ltd. (formerly known as “Qatar Telecom (Asia) Pte. Ltd.”)	Singapore	**100%**	100%
Qtel Al Dafna Holding S.P.C	Bahrain	**100%**	100%
Qtel Al Khore Holding S.P.C	Bahrain	**100%**	100%
IP Holdings Limited	Cayman Islands	**100%**	100%
Qtel Gharafa Holdings Limited	Cayman Islands	**100%**	100%
wi-tribe Asia Limited	Cayman Islands	**100%**	100%
Ooredoo Asia Pte. Ltd. (formerly known as “Qatar Telecom (Qtel Asia) Pte. Ltd.”)	Singapore	**100%**	100%
Indonesia Communications Limited	Mauritius	**100%**	100%
QTEL International Finance Limited	Bermuda	**100%**	100%
Qtel MENA Investcom S.P.C	Bahrain	**100%**	100%
Omani Qatari Telecommunications Company S.A.O.G. (“NAWRAS”)	Oman	**55.0%**	55.0%
Starlink W.L.L.	Qatar	**72.5%**	72.5%
National Mobile Telecommunications Company K.S.C. (“Wataniya Telecom”)	Kuwait	**92.1%**	92.1%
Wataniya International FZ – L.L.C.	United Arab Emirates	**92.1%**	92.1%
Al-Bahar United Company W.L.L. ("Fono")	Kuwait	**92.1%**	92.1%
Al Wataniya Gulf Telecommunications Holding Company S.P.C	Bahrain	**92.1%**	92.1%
Al-Wataniya International for Intellectual Properties S.P.C	Bahrain	**92.1%**	92.1%
Ooredoo Maldives Pvt. Ltd.	Maldives	**92.1%**	92.1%
WARF Telecom International Private Limited	Maldives	**59.9%**	59.9%
Wataniya Telecom Algerie S.P.A.	Algeria	**74.4%**	74.4%
Carthage Consortium Ltd.	Malta	**92.1%**	92.1%
Qtel Tunisia Holding Company Ltd.	Malta	**92.1%**	92.1%
Qtel Malta Holding Company Ltd.	Malta	**100.0%**	100.0%
Tunisiana S.A	Tunisia	**84.1%**	84.1%
Tunisia Network S.A	Tunisia	**84.1%**	41.2%
Public Telecommunication Company Ltd.	Saudi Arabia	**92.1%**	92.1%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company (i)	Palestine	**45.8%**	45.8%

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

Name of subsidiary	*Country of incorporation*	*Group effective shareholding percentage*	
		2013	***2012***
Raywood Inc. ("Raywood")	Cayman Islands	**100.0%**	100.0%
Newood Inc.	Cayman Islands	**100.0%**	100.0%
Midya Telecom Company Limited ("Fanoos") (ii)	Iraq	**49.0%**	49.0%
Al-Rowad General Services Limited	Iraq	**100.0%**	100.0%
Asiacell Communications PJSC	Iraq	**64.1%**	53.9%
Wi-tribe Limited	Cayman Islands	**86.1%**	86.1%
Wi-tribe Limited – Jordan P.S.C.	Jordan	**-**	86.1%
Wi-tribe Pakistan Limited	Pakistan	**86.1%**	86.1%
Barzan Holding Company S.P.C.	Bahrain	**100%**	100%
Laffan Holding Company S.P.C.	Bahrain	**100%**	100%
Zekreet Holding Company S.P.C.	Bahrain	**100%**	100%
Philippines Multitech Pte. Ltd.	Singapore	**100%**	100%
Bow Arken Pte. Ltd.	Singapore	**100%**	100%
Ooredoo Myanmar Limited	Myanmar	**100%**	-
Al Wokaer Holding S.P.C.	Bahrain	**100%**	-
Al Wakrah Holding S.P.C.	Bahrain	**100%**	-
Ooredoo Tamweel Limited	Cayman Islands	**100%**	-
Ooredoo IP L.L.C	Qatar	**100%**	-
PT. Indosat Tbk	Indonesia	**65.0%**	65.0%
Indosat Finance Company B.V.	Netherlands	**-**	65.0%
Indosat International Finance Company B.V.	Netherlands	**-**	65.0%
Indosat Singapore Pte. Ltd.	Singapore	**65.0%**	65.0%
PT Indosat Mega Media	Indonesia	**64.9%**	64.9%
PT Starone Mitra Telekomunikasi	Indonesia	**54.7%**	47.2%
PT Aplikanusa Lintasarta ("Lintasarta") (iii)	Indonesia	**47.0%**	47.0%
PT Artajasa Pembayaran Elektronis (iii)	Indonesia	**25.9%**	25.9%
Indosat Palapa Company B.V.	Netherlands	**65.0%**	65.0%
Indosat Mentari Company B.V.	Netherlands	**65.0%**	65.0%
PT Lintas Media Danawa (iii)	Indonesia	**32.9%**	32.9%
PT Interactive Vision Media	Indonesia	**64.9%**	64.9%

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

(ii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 100 % (2012: 100%) voting interest held by the Group to carry out investment activities in Iraq. Raywood acquired 49% voting interest of Midya Telecom Company Limited ("MTCL") in Iraq. The group is exposed to variable return from its investment and gives ability to affect those returns through its power over MTCL, Iraq by virtue of the shareholders' agreement entered into between Raywood and MTCL, Iraq, hence, MTCL, Iraq has been considered as a subsidiary of the Group.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IAS, IFRS and IFRIC interpretations effective as of 1 January 2013. The following standards, amendments and interpretations, which became effective 1 January 2013, are relevant to the Group:

Standard/ Interpretation	***Content***
IAS 1 (amendment)	Presentation of items of other comprehensive income
IAS 28	Investment in Associates and Joint Ventures
IAS 19 (amendment)	Employee benefits (2011)
IFRS 7 (amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10 & IAS 27	Consolidated financial statements and Separate Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair Value measurement

a) IAS 1 (amendment) - Presentation of items of other comprehensive income

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning after 1 July 2012 with an option of early application.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this amendments.

b) IAS 28 (2011) - Investment in Associates and Joint Ventures

- *Associates held for sale*: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the entity applies the equity method until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture, and

- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this amendments.

c) IAS 19 – Employee benefits (2011) (amendment)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this amendment.

d) IFRS 7 (amendment) - Disclosures - Offsetting financial assets and financial liabilities (2011)

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

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this amendment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

e) IFRS 10 - Consolidated financial statements and IAS 27 Separate Financial Statements (2011)
IFRS 10 introduces a single control model to determine whether an investee should be consolidated. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. This new control model focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group has amended its accounting policy on consolidation in line with requirements of IFRS 10 and has re-assessed its consolidation conclusion. (See note 3.1).

f) IFRS 11 – Joint Arrangements
IFRS 11 replaces the parts of previously existing IAS 31 Interests in Joint Ventures that dealt with joint ventures. IFRS 11 requires that interests in joint arrangements be classified as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement. When making this assessment, the Group has to consider the structure of the arrangements and other facts and circumstances.

The Group is not expecting a significant impact from the adoption of this standard.

g) IFRS 12 - Disclosures of interests in other entities
IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests.

As a result of IFRS 12, the Group has expanded its disclosures about its interests in subsidiaries and other structured entities. Refer to note 38.

h) IFRS 13 Fair Value Measurement
IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

As a result, the Group has included additional disclosures in this regard. Please refer to notes 35. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group, however, requires specific disclosures on fair values which has been disclosed by the Group in the note.

i) Improvements to IFRS (2011)
Improvements to IFRS issued in 2011 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Company as a result of these amendments.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

The following standards and interpretations have been issued and are expected to be relevant to the Group in future periods, with effective dates on or after 1 January 2014:

Standard/ Interpretation	*Content*	*Effective date*
IFRS 9	Financial Instruments	Not specified
IAS 19R (amendment)	Employee Benefits	1 January 2014
IAS 32 (amendment)	Offsetting financial assets and financial liabilities (2011)	1 January 2014
IAS 39 (amendment)	Novation of Derivatives and Continuation of Hedge Accounting (2013)	1 January 2014
IAS 36 (amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
IFRIC 21	Levies	1 January 2014

New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which are relevant to the Group are set out below. The Group does not plan to early adopt these standards.

a) IFRS 9 - Financial Instruments

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE (CONTINUED)

a) IFRS 9 - Financial Instruments (continued)

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 (2013) introduces a new general hedge accounting standard which would align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39. The new standard does not fundamentally change the types of hedging relationships or the requirements to measure and recognize ineffectiveness; however, more judgement would be required to assess the effectiveness of a hedging relationship under the new standard.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised. However, application of IFRS 9 is permitted.. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues. The Group has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed.

Given the nature of the Group's operations, this standard is not expected to have a significant impact on the Group's financial statements.

b) Amendments to IAS 32 on offsetting financial assets and financial liabilities (2011)

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

The Group is not expecting a significant impact from the adoption of these amendments.

c) Novation of derivatives and continuation of hedge accounting (2013)

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39 provides relief from discontinuing hedge accounting if certain criteria are met

The amendments are effective for annual periods beginning on or after 1 January 2014. Early application is permitted. Although the amendments are applied retrospectively, if an entity had previously discontinued hedge accounting as a result of a novation, the previous hedge accounting (pre-novation) for that relationship cannot be reinstated.

The Group is not expecting a significant impact from the adoption of these amendments.

d) Amendments to IAS 36 on recoverable amount disclosures for non-financial assets

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) have expanded disclosures of recoverable amounts when the amounts are based on fair value less costs of disposals and impairment is recognized. The amendments are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. An entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

The Group is not expecting a significant impact from the adoption of these amendments.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE (CONTINUED)

e) IFRIC 21 on levies

IFRIC 21 on Levies (amendments to IAS 32) provide guidance on the accounting for levies in the financial statements of the entity that is paying the levy.

The Interpretation is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. Earlier application is permitted.

The Group is not expecting a significant impact from the adoption of these amendments.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

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

Revenue from rendering of services

Revenue for access charges, airtime usage and messaging by contract customers is recognised as revenue as services are performed with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Subscription fee is recognised as revenue as the services are provided.

Interconnection revenue

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

Sales of prepaid cards

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

Third party projects

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

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

Sales of equipment

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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

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

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

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

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

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

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

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

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred income tax (continued)

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

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

Transfer to investment property

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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.

Depreciation

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

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

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

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

Derecognition

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The useful lives of intangible assets are assessed to be either finite or indefinite.
A summary of the useful lives and amortisation methods of Group's intangible assets other than goodwill are as follows:

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service concession arrangements
The Group accounts for service concession arrangements where it is an operator in accordance with IFRIC 12 "Service concession arrangements". Infrastructure within the scope of this interpretation is not recognised as property, plant and equipment of the Group as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the Group. Accordingly, the Group recognises such assets as "Concession intangible assets". The Group recognises these intangible assets at cost in accordance with IAS 38. These intangible assets are amortised over the period in which it is expected to be available for use by the Group.

The Group recognises contract revenue and costs in accordance with IAS 11, Construction Contracts. The costs of each activity, namely construction, operation and maintenance are recognised as expenses by reference to the stage of completion of the related activity. Contract revenue, if any, i.e. the fair value of the amount due from the grantor for the activity undertaken, is recognised at the same time. The amount due from the grantor meets the definition of a receivable in IAS 39 Financial Instruments: Recognition and Measurement. The receivable is measured initially at fair value. It is subsequently measured at amortised cost.

The Group accounts for revenue and costs relating to the services in accordance with IAS 18 as described in the accounting policy for revenue recognition. Borrowing costs attributable to the arrangement are recognised as an expense in the period in which they are incurred, unless the Group has a contractual right to receive an intangible asset (a right to charge user of the public service). If the Group has a contractual right to receive an intangible asset, borrowing costs attributable to the arrangement are capitalised during the construction phase of the arrangement.

Investment property

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

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

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

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

Financial instruments

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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

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

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

Bank balances and cash
Bank balances and cash comprise cash on hand, call deposits and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

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

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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

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

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

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

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

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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

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

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

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

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

(iii) Share capital

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(iv) Derivative financial instruments and hedge accounting (continued)

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

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment (except for foreign currency risk); or

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(v) Current versus non-current classification

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

- where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

- embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

- derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

(vi) Fair value of financial instruments

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Employee benefits

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

Pensions and other post employment benefits
Pension costs under the Group's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate, expected return on plan assets and annual rate of increase in compensation. Actuarial gains or losses are recognised as income or expense when the net cumulative unrecognised actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the present value of the defined benefit obligation or fair value of plan assets, whichever is greater, at that date. These gains or losses in excess of the 10% corridor are recognised on a straight-line basis over the expected average remaining working lives of the employees. Past service cost is recognised over the estimated average remaining service periods of the employees.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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 statement of income in the year to which they relate.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-financial assets (continued)

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

Segment reporting
Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS

4.1 ACQUISITION OF NON-CONTROLLING INTERESTS IN 2013

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

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

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

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

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS (CONTINUED)

4.2 ACQUISITION OF NON-CONTROLLING INTERESTS IN 2012

The following acquisition of non-controlling interests in 2012, resulted in change in retained earnings, non-controlling interests and total equity as depicted below:

	Retained earnings QR'000	*Non-controlling interests QR'000*	*Total Equity QR'000*
Change in non controlling interests in			
Public Telecommunication Company Limited	(118,755)	118,755	-
Asiacell Communication PJSC	(2,634,604)	(1,077,706)	(3,712,310)
Starlink W.L.L.	(4,981)	(1,209)	(6,190)
National Mobile Telecommunications Co. K.S.C.	1,612,054	(8,372,773)	(6,760,719)
Tunisiana S.A	(884,937)	(426,004)	(1,310,941)
Wataniya Palestine Mobile Telecommunication Limited P.S.C. ("WPT")	(9,685)	(4,839)	(14,524)
Midya Telecom Company Limited	(4,078)	4,078	-
Asia Mobile Holdings Pte. Ltd. (AMH)	(1,489)	-	(1,489)
Refer to consolidated statement of changes in equity	**(2,046,475)**	**(9,759,698)**	**(11,806,173)**

5 REVENUE

	2013 QR'000	*2012 QR'000*
Revenue from rendering of services	**32,941,756**	32,848,578
Sale of telecommunications equipment	**675,203**	421,185
Revenue from use of assets by others	**234,381**	205,846
	33,851,340	33,475,609

6 OPERATING EXPENSES

	2013 QR'000	*2012 QR'000*
Outpayments and interconnect charges	**3,660,046**	3,601,601
Regulatory and related fees	**2,429,761**	2,218,282
Rentals and utilities – network	**1,274,566**	1,155,035
Network operation and maintenance	**1,805,328**	1,767,158
Cost of equipment sold and other services	**1,907,117**	1,614,630
Provision for obsolete and slow moving inventories	**7,571**	6,345
	11,084,389	10,363,051

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2013 *QR'000*	*2012* *QR'000* (Restated)
Employee salaries and associated costs	**3,575,764**	3,143,518
Marketing costs and sponsorship	**1,288,219**	1,176,040
Legal and professional fees	**432,771**	341,376
Commission on cards	**1,216,627**	1,177,315
Allowance for impairment of trade receivables	**209,589**	189,707
Rental and utilities	**458,626**	436,418
Repairs and maintenance	**91,744**	98,623
Other expenses	**951,743**	1,016,731
	8,225,083	7,579,728

8 DEPRECIATION AND AMORTISATION

	2013 *QR'000*	*2012* *QR'000*
Depreciation of property, plant and equipment	**6,095,116**	5,931,363
Amortisation of intangible assets	**1,567,733**	1,681,094
	7,662,849	7,612,457

9 NET FINANCE COSTS

	2013 *QR'000*	*2012* *QR'000*
Finance cost		
Interest expenses	**2,092,748**	2,206,914
Profit element of islamic financing obligation	**69,678**	54,154
Amortisation of deferred financing costs (note 26)	**122,787**	155,764
Other finance charges	**18,577**	7,338
Ineffective portion of cash flow hedges transferred	**-**	282
	2,303,790	2,424,452
Finance income		
Interest income	**(282,908)**	(503,446)
Net finance costs	**2,020,882**	1,921,006

10 OTHER (EXPENSE) / INCOME – NET

	2013 *QR'000*	*2012* *QR'000*
Foreign currency losses – net	**(1,015,340)**	(369,783)
Gain / (loss) on disposal of available-for-sale investments	**84,065**	(2,068)
Gain on disposal of property, plant and equipment	**64,527**	468,516
Dividend income	**43,851**	84,141
Rental income	**21,034**	17,828
Change in fair value of derivatives – net	**90,430**	(2,332)
Miscellaneous income / (expense)	**26,685**	325,850
	(684,748)	522,152

10 OTHER (EXPENSE) / INCOME – NET (CONTINUED)

In 2012, profit on disposal of property, plant and equipment includes a gain of QR 430.0 million recognized in August 2012 related to sale and lease back transaction by one of the Group's subsidiaries PT Indosat TBK ("Indosat")

11 ROYALTIES AND FEES

	Note	**2013 QR'000**	*2012 QR'000*
Royalty	(i)	**130,763**	125,119
Industry fees	(ii)	**167,327**	159,354
Other statutory fees	(iii)	**36,384**	31,522
		334,474	315,995

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

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

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

12 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	2013			*2012*		
	Continuing operations	***Discontinued operation***	***Total***	*Continuing operations*	*Discontinued operation*	*Total*
Profit for the year attributable to shareholders of the parent (QR'000)	**2,569,402**	**9,255**	**2,578,657**	3,073,374	(126,807)	2,946,567
Weighted average number of shares (in '000)	**320,320**	**-**	**320,320**	297,815	-	297,815
Basic and diluted earnings per share (QR)	**8.02**	**-**	**8.05**	10.32	-	9.89

The weighted average number of shares has been calculated as follows:

	2013 No of shares '000	*2012 No of shares '000*
Qualifying shares at 1 January	**320,320**	176,000
Effect of bonus share issue	**-**	52,800
Effect of right share issue	**-**	69,015
Weighted average number of shares	**320,320**	297,815

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings QR'000	*Exchange and networks assets QR'000*	*Subscriber apparatus and other equipment QR'000*	*Capital work in progress QR'000*	*Total QR'000*
Cost					
At 1 January 2012	6,955,588	43,969,476	4,658,733	4,153,159	59,736,956
Reclassification to investment property (note 42 (i))	(105,018)	-	-	-	(105,018)
At 1 January 2012 (Restated)	6,850,570	43,969,476	4,658,733	4,153,159	59,631,938
Acquisition of subsidiary	7,053	126,761	4,957	-	138,771
Additions	1,424,707	1,070,182	81,337	4,739,490	7,315,716
Transfers	452,949	3,552,310	344,362	(4,349,621)	-
Disposals	(963,858)	(653,226)	(47,498)	(2,071)	(1,666,653)
Reclassification	3,391	415,883	27,659	(429,631)	17,302
Discontinued operation	(1,617)	(60,305)	(39,147)	-	(101,069)
Exchange adjustment	(345,464)	(1,751,641)	(144,295)	(108,009)	(2,349,409)
At 31 December 2012	7,427,731	46,669,440	4,886,108	4,003,317	62,986,596
Additions	246,875	2,218,891	276,326	6,555,841	9,297,933
Transfers	439,667	3,132,486	358,759	(3,930,912)	-
Disposals	(40,979)	(1,721,469)	(62,627)	(3,001)	(1,828,076)
Reclassification	1,394	572,831	13,848	(573,921)	14,152
Discontinued operation	(5,603)	-	(29,036)	-	(34,639)
Exchange adjustment	(1,202,014)	(5,245,010)	(399,435)	(246,362)	(7,092,821)
At 31 December 2013	**6,867,071**	**45,627,169**	**5,043,943**	**5,804,962**	**63,343,145**
Accumulated depreciation and impairment losses					
At 1 January 2012	3,011,035	20,245,730	3,415,093	-	26,671,858
Reclassification to investment property (note 42 (i))	(33,194)	-	-	-	(33,194)
At 1 January 2012 (Restated)	2,977,841	20,245,730	3,415,093	-	26,638,664
Acquisition of subsidiary	410	25,251	1,112	-	26,773
Provided during the year	488,679	4,979,671	513,058	-	5,981,408
Impairment losses	-	102,144	-	-	102,144
Disposals	(378,871)	(491,591)	(44,552)	-	(915,014)
Reclassification	240	28,722	(29,413)	-	(451)
Discontinued operation	(1,571)	(60,305)	(38,680)	-	(100,556)
Exchange adjustment	(163,096)	(902,935)	(116,455)	-	(1,182,486)
At 31 December 2012	2,923,632	23,926,687	3,700,163	-	30,550,482
Provided during the year	533,411	5,034,342	524,925	-	6,092,678
Relating to disposals	(39,810)	(1,280,416)	(55,167)	-	(1,375,393)
Reclassification	(12)	12	-	-	-
Related to discontinued operation	(5,049)	-	(24,632)	-	(29,681)
Exchange adjustment	(544,110)	(3,320,195)	(346,468)	-	(4,210,773)
At 31 December 2013	**2,868,062**	**24,360,430**	**3,798,821**	**-**	**31,027,313**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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
Carrying value					
At 31 December 2013	**3,999,009**	**21,266,739**	**1,245,122**	**5,804,962**	**32,315,832**
At 31 December 2012 (Restated)	4,504,099	22,742,753	1,185,945	4,003,317	32,436,114

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

ii) As at 1 January 2012, one of its subsidiaries, PT Indosat TBK, reassessed the useful life of its tower and fencing assets from 15 years to 25 years and 10 years, respectively, its buildings from 20 years to 40 years, and its fixed wireless access technical equipment from 10 years to 7 years. In addition, following proposals to upgrade its network in order to fully utilise its 900 MHz frequency channel for 3G services, as at 1 September 2012, Indosat reassessed the useful life of its cellular technical equipment from 10 years to 8 years. This change was treated as change in estimate and resultant increase in depreciation expense by QR 516,266 thousands was prospectively accounted in last year's consolidated financial statements.

14 INTANGIBLE ASSETS AND GOODWILL

	Goodwill QR'000	*License costs QR'000*	*Customer contracts and related customer relationship QR'000*	*Brand/ Trade names QR'000*	*Concessions intangible assets QR'000*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Cost							
At 1 January 2012	13,118,115	24,825,158	970,340	3,672,340	794,415	1,894,820	45,275,188
Acquisition of subsidiary	114,635	25,882	-	-	-	407	140,924
Additions	-	485,854	-	-	1,775	453,766	941,395
Disposals	-	-	-	-	(1,052)	(1,335)	(2,387)
Reclassification	-	-	-	-	-	(17,302)	(17,302)
Discontinued operation	-	(37,450)	-	-	-	(12,433)	(49,883)
Exchange adjustment	(503,550)	(440,845)	(54,114)	(173,085)	(2,546)	(37,622)	(1,211,762)
At 31 December 2012	12,729,200	24,858,599	916,226	3,499,255	792,592	2,280,301	45,076,173
Additions		242,225	-	-	4,932	246,574	493,731
Disposals	-	-	-	-	(1,019)	-	(1,019)
Reclassification	-	-	-	-	-	(14,152)	(14,152)
Discontinued operation	-	-	-	-	(796,505)	(49,465)	(845,970)
Exchange adjustment	(1,235,697)	(606,311)	(160,219)	(503,758)	-	(56,384)	(2,562,369)
At 31 December 2013	**11,493,503**	**24,494,513**	**756,007**	**2,995,497**	**-**	**2,406,874**	**42,146,394**

Continued…………

14 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

	Goodwill QR'000	*License costs QR'000*	*Customer contracts and related customer relationship QR'000*	*Brand/ Trade names QR'000*	*Concessions intangible assets QR'000*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Accumulated amortisation and impairment losses							
At 1 January 2012	394,633	4,985,193	815,862	948,980	320,587	1,068,856	8,534,111
Acquisition of subsidiary	-	7,042	-	-	-	18	7,060
Amortisation during the year	-	1,130,685	70,626	293,278	81,193	221,680	1,797,462
Impairment losses	25,536	23,383	-	-	234,057	-	282,976
Disposals	-	-	-	-	(565)	(1,429)	(1,994)
Reclassification	-	-	-	-	-	451	451
Discontinued operation	-	(37,450)	-	-	-	(12,433)	(49,883)
Exchange adjustment	(23,590)	(105,038)	(48,797)	(33,239)	(1,013)	(28,504)	(240,181)
At 31 December 2012	396,579	6,003,815	837,691	1,209,019	634,259	1,248,639	10,330,002
Amortisation during the year	-	1,098,598	55,133	167,581	80,141	250,559	1,652,012
Impairment losses	1,707	-	-	-	-	-	1,707
Disposals	-	-	-	-	(670)	(39)	(709)
Discontinued operation	-	-	-	-	(713,068)	(29,620)	(742,688)
Exchange adjustment	(73,001)	(176,401)	(157,234)	(109,056)	(662)	(51,345)	(567,699)
At 31 December 2013	**325,285**	**6,926,012**	**735,590**	**1,267,544**	**-**	**1,418,194**	**10,672,625**
Carrying value							
At 31 December 2013	**11,168,218**	**17,568,501**	**20,417**	**1,727,953**	**-**	**988,680**	**31,473,769**
At 31 December 2012	12,332,621	18,854,784	78,535	2,290,236	158,333	1,031,662	34,746,171

14 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:

Cash generating units	***Carrying value 2013 QR'000***	*Carrying value 2012 QR'000*
Wataniya, Kuwait	**606,122**	608,241
Wataniya, Algeria	**2,282,330**	2,290,297
Tunisiana S.A., Tunisia	**4,169,216**	4,393,212
Indosat, Indonesia	**3,597,895**	4,528,065
Asiacell, Iraq	**353,408**	353,408
Others	**159,247**	159,398
	11,168,218	12,332,621

Goodwill was tested for impairment as at 31 December 2013. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by the management covering a period of ten years.

Key Assumptions used in value in use calculations

Key Assumptions

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

Discount rates

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

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.

Cash generating units	***(Expressed in percentage)***			
	Discount rate		***Terminal value growth rate***	
	2013	*2012*	***2013***	*2012*
Wataniya, Kuwait	**9.4%**	9.5%	**2.75%**	2.75%
Wataniya, Algeria	**10.5%**	10.6%	**2.75%**	2.75%
Tunisiana S.A., Tunisia	**11.0%**	10.6%	**2.75%**	2.75%
Indosat, Indonesia	**11.8%**	12.0%	**2.75%**	2.75%
Asiacell, Iraq	**16.2%**	15.8%	**2.75%**	2.75%

14 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

i. Impairment testing of goodwill (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:

	2013	*2012*
Wataniya, Kuwait	**1.5%**	11.4%
Wataniya, Algeria	**7.3%**	14.6%
Tunisiana S.A., Tunisia	**1.4%**	2.1%
Indosat, Indonesia	**2.2%**	1.9%
Asiacell, Iraq	**44.2%**	18.9%

ii. Impairment of financial assets

	2013 ***QR'000***	*2012* *QR'000*
Impairment of available-for-sale investments (note 17)	**3,228**	42,345
Impairment of assets	**38,410**	385,120
	41,638	427,465

15 INVESTMENT PROPERTY

	2013 ***QR'000***	*2012* *QR'000*
Cost		
At 1 January	**105,018**	105,018
At 31 December	**105,018**	105,018
Accumulated depreciation		
At 1 January	**38,559**	33,194
Provided during the year	**6,096**	5,365
At 31 December 2013	**44,655**	38,559
Carrying value		
At 31 December	**60,363**	66,459

Investment property comprises of the portion of the Group's head quarter building rented to an external party. As per valuation performed by external valuers, the fair value of Investment property is QR 63,000 thousands (2012:QR 63,000 thousands) which approximates the carrying amount as at 31 December 2013.

16 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates

Associate companies	*Principal activity*	*Country of incorporation*	*Effective ownership* **2013**	*2012*
Navlink, Inc.,	*Managed Service Provider delivering technology solutions in the enterprise data market*	*United State of America*	*38%*	*38%*
Asia Mobile Holdings Pte Ltd ("AMH")	*Holding company*	*Singapore*	*25%*	*25%*
PT Multi Media Asia Indonesia	*Satellite based telecommunication services*	*Indonesia*	*17%*	*17%*
Liberty Telecoms Holdings Inc. ("LTHI")	*Telecommunication services*	*Philippines*	*40%*	*40%*
MEEZA QSTP LLC	*Information technology services*	*Qatar*	*20%*	*20%*
PT Citra Bakti, Indonesia	*Product certification and testing*	*Indonesia*	*9%*	*9%*

The following table is the summarised financial information of the Group's investments in the associates.

	2013 ***QR'000***	*2012* *QR'000*
Group's share of associates' statement of financial position:		
Current assets	**868,974**	920,834
Non-current assets	**2,386,069**	2,495,777
Current liabilities	**(925,498)**	(905,549)
Non-current liabilities	**(1,868,586)**	(1,970,060)
Net assets	**460,959**	541,002
Goodwill	**1,291,213**	1,332,382
Carrying amount of the investment	**1,752,172**	1,873,384
Group's share of associates' revenues and results:		
Revenues	**1,813,684**	1,861,675
Results – net of tax	**97,869**	34,621

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

17 AVAILABLE-FOR-SALE INVESTMENTS

	2013 ***QR'000***	*2012* *QR'000*
Quoted equity investments	**988,248**	1,057,084
Unquoted equity investments	**666,847**	637,494
Unquoted debt securities	**113,505**	126,717
Investments in funds	**935,893**	812,355
	2,704,493	2,633,650

17 AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

At 31 December 2013, certain unquoted equity investments amounting to QR 62,727 thousands (2012: QR 146,426 thousands) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

During the year, the Group has recorded an impairment loss of QR 3,228 thousands (2012: QR 42,345 thousands) on certain available-for-sale investments. In the opinion of the management, based on the currently available information, there is no evidence of further impairment in the value of available-for-sale investments.

18 OTHER NON-CURRENT ASSETS

	2013 QR'000	*2012 QR'000 (Restated)*
Prepaid rentals	**242,473**	284,405
Other long term receivables	**355,213**	415,218
Long term loans	**-**	149,956
Others	**99,558**	58,581
	697,244	908,160

19 INCOME TAX

Income tax represents amounts recognised by subsidiary companies. The major components of income tax expense for the years 2013 and 2012 are:

	2013 QR'000	*2012 QR'000 (Restated)*
Current income tax		
Current income tax charge	**760,368**	849,904
Adjustments in respect of previous years' income tax	**154,682**	42,752
Deferred income tax		
Relating to origination and reversal of temporary differences	**(303,161)**	84,498
Income tax included in the consolidated statement of profit or loss	**611,889**	977,154

The Parent company is not subject to income tax in the State of Qatar. The tax rate applicable to the taxable subsidiaries which is in the range of 10% to 35% (2012: 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.

19 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 tax reconciliation is presented as follows:

	2013 QR'000	*2012 QR'000 (Restated)*
Profit before tax	**3,895,146**	5,812,680
Profit of parent and subsidiaries not subject to corporate income tax	**(1,132,819)**	(1,557,679)
Profit of parent and subsidiaries subject to corporate income tax	**2,762,327**	4,255,001
Add:		
Allowances, accruals and other temporary differences	**708,050**	(77,752)
Expenses and income that are not subject to corporate tax	**(161,324)**	162,320
Less:		
Depreciation – net of accounting and tax	**571,561**	517,243
Unutilised tax losses brought forward	**-**	(601,855)
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**3,880,614**	4,254,957
Income tax charge at the effective income tax rate of 20 % (2012: 20%)	**760,368**	849,904

	Consolidated statement of financial position		***Consolidated statement of profit or loss***	
	2013 QR'000	*2012 QR'000 (Restated)*	***2013 QR'000***	*2012 QR'000*
Accelerated depreciation for tax purposes	**(410,222)**	(778,052)	**237,160**	131,117
Losses available to offset against future taxable income	**60,325**	85,798	**(34,470)**	(227,325)
Allowances, accruals and other temporary differences	**49,384**	98,757	**65,260**	(31,023)
Deferred tax origination on purchase price allocation	**(528,000)**	(702,058)	**35,211**	42,733
Deferred tax liability / Deferred tax expense (income) - net	**(828,513)**	(1,295,555)	**303,161**	(84,498)

Reflected in the consolidated statement of financial position as follows:

	2013 QR'000	*2012 QR'000 (Restated)*
Deferred tax asset	**50,703**	74,581
Deferred tax liability	**(879,216)**	(1,370,136)
	(828,513)	(1,295,555)

19 INCOME TAX (CONTINUED)

Movement of deferred tax liability – net

	2013	*2012*
	QR'000	*QR'000*
		(Restated)
At 1 January	**1,295,555**	1,327,664
Tax (income) / expense during the year	**(303,161)**	84,498
Tax on other comprehensive income	**68,388**	6,428
Exchange adjustment	**(232,269)**	(123,035)
At 31 December	**828,513**	1,295,555

Unrecognised deferred tax assets
At 31 December 2013, deferred tax assets of QR 110,837 thousands (2012: QR 111,920 thousands) for temporary differences of QR 353,859 thousands (2012: QR 346,147 thousands) related to investments in subsidiaries were not recognised because the subsidiaries were unable to assess with reasonable certainty that sufficient taxable profit would be available to recover the asset in the foreseeable future.

During 2012, management of one of the subsidiaries of the Group, Wi- Tribe Pakistan Limited ("wi-tribe Pakistan") had reassessed the recoverability of the wi-tribe Pakistan's deferred tax asset along with the envisaged time frame in which the deductible timing difference were expected to be adjusted against future taxable profits.

On the basis of its reassessment, management of the Wi-tribe Pakistan believes that expected time lines for the adjustment of deductible taxable differences were delayed than envisaged earlier. Taking cognizance of this increased uncertainty, deferred tax asset already recognized up to 31 December 2011 of QR 86.1 million was reversed and charged to the consolidated statement of profit or loss account as a tax expense.

20 INVENTORIES

	2013	*2012*
	QR'000	*QR'000*
Subscribers' equipment	**215,090**	190,093
Other equipment	**267,443**	144,057
Cables and transmission equipment	**93,870**	66,786
	576,403	400,936
Less: Provision for obsolete and slow moving inventories	**(39,092)**	(42,169)
	537,311	358,767

Inventories consumed are recognised as expense during the year and included as a part of cost of equipment sold and other services under operating expenses, amounting to QR 1,389,107 thousands (2012: QR 1,150,220 thousands). Movement in the provision for obsolete and slow moving inventories is as follows:

	2013	*2012*
	QR'000	*QR'000*
At 1 January	**42,169**	45,699
Provided during the year	**9,733**	9,279
Amounts written off	**(3,089)**	(12,343)
Related to discontinued operation	**(7,831)**	-
Exchange adjustment	**(1,890)**	(466)
At 31 December	**39,092**	42,169

21 TRADE AND OTHER RECEIVABLES

	2013 ***QR'000***	*2012* *QR'000*
Trade receivables – net of impairment allowances	**2,728,082**	2,932,428
Other receivables and prepayments	**3,003,276**	2,590,525
Unbilled subscriber revenue	**715,054**	317,984
Amounts due from international carriers	**558,029**	223,386
Positive fair value of derivatives contracts	**138,471**	30,637
Net prepaid pension costs	**1,149**	548
	7,144,061	6,095,508

At 31 December, trade receivables amounting to QR 1,010,951 thousands (2012: QR 1,007,404 thousands) were impaired and fully provided for.

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

	2013 ***QR'000***	*2012* *QR'000*
At 1 January	**1,007,404**	893,416
Charge for the year	**230,117**	213,088
Amounts written off	**(90,807)**	(78,828)
Related to discontinued operation	**(91,636)**	(1,052)
Exchange adjustment	**(44,127)**	(19,220)
At 31 December	**1,010,951**	1,007,404

At 31 December 2013, the ageing of unimpaired trade receivables is as follows:

			Past due not impaired			
	Total *QR '000*	*Neither past due nor impaired* *QR '000*	*< 30days* *QR '000*	*30-60 Days* *QR '000*	*60-90 Days* *QR '000*	*> 90 days* *QR '000*
2013	**2,728,082**	**942,910**	**446,975**	**333,720**	**213,154**	**791,323**
2012	2,932,428	1,228,234	354,549	233,322	157,636	958,687

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

22 CASH AND CASH EQUIVALENTS

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

	Note	***2013 QR'000***	*2012 QR'000*
Bank balances and cash	(i)	**20,304,571**	15,006,026
Less:			
Restricted deposits		**(300,413)**	(209,787)
Cash and cash equivalents of continuing operation		**20,004,158**	14,796,239
Cash and cash equivalents of discontinued operation	41	**199,661**	4,843
Cash and cash equivalents as per consolidated statement of cash flows at 31 December		**20,203,819**	14,801,082

(i) Bank balances and cash equivalents include fixed deposits maturing after three months amounting to QR 8,321,931 thousands (2012: QR4,648,116 thousands). The management is of the opinion that these fixed deposits are readily convertible to cash and is held to meet short-term commitments.

(ii) Short term deposits are made for varying periods depending on the immediate cash requirements of the Group and the interest on the respective short term deposit rates range from 0.25% to 11.00% (2012 : 0.50% to 9.50%).

23 SHARE CAPITAL

	2013		*2012*	
	No of shares (000)	***QR'000***	*No of shares (000)*	*QR'000*
Authorised				
Ordinary shares of QR 10 each				
At 1 January	**500,000**	**5,000,000**	200,000	2,000,000
Increase in authorised share capital	**-**	**-**	300,000	3,000,000
At 31 December 2013	**500,000**	**5,000,000**	500,000	5,000,000
Issued and fully paid up				
Ordinary shares of QR 10 each				
At 1 January	**320,320**	**3,203,200**	176,000	1,760,000
Bonus shares issued	**-**	**-**	52,800	528,000
Right shares issued	**-**	**-**	91,520	915,200
At 31 December 2013	**320,320**	**3,203,200**	320,320	3,203,200

Authorised share capital
The shareholders resolved at the Annual General Meeting held on 25 March 2012 to increase the authorised share capital by QR 3,000,000 thousands by the creation of 300,000,000 ordinary shares of QR 10 each.

Bonus shares
During 2012, the Group issued bonus shares of 30% of the share capital as at 31 December 2011 amounting to QR 528,000 thousands.

Right shares
In 2012, Company called for a rights issue of 91,520 thousand shares in the ratio of two shares for every five shares held. The shares were offered at a premium of QR 65 per share on 13 May 2012 and the allotment was made on 24 June 2012. The share premium arising out of the rights issue, net of rights issue expenses amounting to QR 5,940,145 thousands is included in the legal reserve as required by Article 154 of Qatar Commercial Companies Law No: 5 of 2002.

24 RESERVES

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

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

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

	2013	*2012*
	QR'000	*QR'000*
Fair value reserve of available for sale investments	**1,316,087**	1,077,551
Cash flow hedge reserve	**10,282**	6,943
	1,326,369	1,084,494

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

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

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

25 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2013 QR'000	*2012 QR'000*
Available-for-sale investments:		
Gain arising during the year	**312,041**	165,890
Reclassification adjustments included in the consolidated statement of profit or loss	**(84,065)**	2,068
Transfer to consolidated statement of profit or loss on impairment	**3,228**	3,745
Deferred tax effect	**-**	(36,690)
	231,204	135,013
Cash flow hedges:		
Gain arising during the year	**1,026**	326,620
Deferred tax effect	**(123)**	(374)
Ineffective portion of cash flow hedges transferred to consolidated statement of profit or loss	**-**	282
	903	326,528
Employee benefit reserve		
Net movement in employee benefit reserve	**304,827**	(123,493)
Deferred tax effect	**(67,716)**	30,877
	237,111	(92,616)
Associates:		
Share of changes in fair value of cash flow hedges	**2,843**	1,443
Translation reserves:		
Foreign currency translation differences - foreign operations	**(3,096,664)**	(1,343,653)
Deferred tax effect	**(549)**	(241)
	(3,097,213)	(1,343,894)
Other comprehensive income for the year – net of tax	**(2,625,152)**	(973,526)

26 LOANS AND BORROWINGS

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

	2013	*2012*
	QR'000	*QR'000*
Parent company's loans	**8,193,375**	9,233,248
Subsidiaries' loans		
Qtel International Finance Limited	**22,759,384**	19,117,883
Ooredoo Tamweel Limited	**4,551,877**	-
Omani Qatari Telecommunications Company S.A.O.G.	**369,868**	269,616
National Mobile Telecommunications Company K.S.C. and its subsidiaries	**1,919,073**	1,443,823
Asiacell Communications P.J.S.C.	**719,422**	1,137,726
PT Indosat Tbk and its subsidiaries	**7,214,733**	8,368,881
Others	**41,513**	194,053
	45,769,245	39,765,230
Less: Deferred financing costs	**(456,920)**	(438,675)
	45,312,325	39,326,555

Presented in the consolidated statement of financial position as:

	2013			*2012*		
	Principal repayment amount QR'000	***Deferred financing costs QR'000***	***Net QR'000***	*Principal repayment amount QR'000*	*Deferred financing costs QR'000*	*Net QR'000*
Current portion	**8,126,487**	**(68,614)**	**8,057,873**	7,373,112	(65,198)	7,307,914
Non-current portion	**37,642,758**	**(388,306)**	**37,254,452**	32,392,118	(373,477)	32,018,641
	45,769,245	**(456,920)**	**45,312,325**	39,765,230	(438,675)	39,326,555

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

	2013	*2012*
	QR'000	*QR'000*
At 1 January	**438,675**	463,364
Additions during the year	**156,063**	138,141
Amortised during the year (note 9)	**(122,787)**	(155,764)
Exchange adjustment	**(15,031)**	(7,066)
At 31 December	**456,920**	438,675

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 *QR'000*	2012 *QR'000*					
The Company's loans (Parent)							
1	**2,731,125**	2,731,125	May 2015	Unsecured	LIBOR *plus* 1.45%	For general corporate purposes	USD 750 million Revolving Credit Facility (RCF) - tranche of the USD 2 billion entered in 2010.
2	**-**	4,551,875	May 2013		LIBOR *plus* 1.15%	For general corporate purposes	USD 1250 million RCF - tranche of the USD 2 billion entered in 2010.
3	**3,641,500**	-	March 2017		LIBOR *plus* 0.85%	For general corporate purposes	Syndicated RCF entered into in April 2013.
4	**1,820,750**	1,820,750	May 2014		LIBOR *plus* 0.95% profit rate	For general corporate purposes	Islamic financing facility based on the principle of commodity Murabaha.
5	**-**	129,498	March 2013		Central bank of Kuwait discount rate *plus* margin	For increase in stake in NMTC	Short term loan was fully repaid in March 2013.
Total	**8,193,375**	9,233,248					

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 ***QR'000***	**2012** ***QR'000***					
Qtel International Finance Limited							
1	**3,277,351**	3,277,351	June 2014	Unconditionally and irrevocably guaranteed by Ooredoo (Parent)	6.50%	For general corporate purposes	USD 5.0 billion Global Medium Term Note Programme ("Notes") listed on London Stock Exchange. First tranche covering Loans 1 and 2 amounting to USD 1500 million issued on June 2009.
2	**2,184,901**	2,184,901	June 2019		7.88%		
3	**3,641,501**	3,641,501	October 2016		3.38%		The second tranche covering Loans 3, 4 and 5 amounting to USD 2.75 billion was issued on October 2010.
4	**3,641,501**	3,641,501	February 2021		4.75%		
5	**2,731,127**	2,731,127	October 2025		5.00%		
6	**3,641,501**	3,641,502	February 2023		3.25%		New USD 3.0 billion Global Medium Term Note Programme ("Notes") listed on Irish Stock Exchange. First tranche under this programme Loan 6 amounting to USD 1.0 billion was issued in Dec 2012.
7	**1,820,751**	-	January 2028		3.88%		A further dual tranche issuance was made in Jan 2013 covering Loan 7 and 8 of USD 500 million each.
8	**1,820,751**	-	January 2043		4.50%		
Total	**22,759,384**	19,117,883					

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 *QR'000*	2012 *QR'000*					
Ooredoo Tamweel Limited							
1	**4,551,877**	-	December 2018	Unsecured	3.04% (profit element)	For general corporate purposes	New Sukuk Trust Programme of USD 2.0 billion listed on the Irish Stock Exchange. In December 2013, a 5 year note of USD 1.25 billion was issued.
Omani Qatari Telecommunications Company S.A.O.G. (Nawras)							
1	**205,968**	269,616	February 2017	Unsecured	LIBOR *plus* 2%	For general corporate purposes	Syndicated Loan Facility of USD 87 million signed in February 2012 for 5 years.
2	**163,900**	-	January 2018	Unsecured	1.8%	For general corporate purposes	Syndicated Loan Facility of USD 104 million was signed in January 2013 for 5 years.
Total	**369,868**	269,616					
National Mobile Telecommunications Company K.S.C. and subsidiaries (NMTC)							
1	**-**	858,976	This facility was repaid in December 2013	These loans are secured by pledges on the respective subsidiaries assets.	Algerian Repo rate plus 1.3% to 3.4% per annum and LIBOR plus 1.25% to 4.15% per annum	For general corporate purposes	Wataniya Algeria - This loan facility is repayable in instalments over a period from December 2005 to March 2015.
2	**326,325**	325,850	June 2019	Unsecured	LIBOR plus 5.0% to 5.85% per annum	For general corporate purposes	Wataniya Palestine: - Syndicated loan facility to finance the build out and the expansion of its existing network.
3	-	258,997	December 2013	Unsecured	1% per annum over the Central Bank of Kuwait discount rate	For general corporate purposes	Wataniya Kuwait: - Repayable in instalments or at maturity by December 2013.

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 *QR'000*	2012 *QR'000*					
National Mobile Telecommunications Company K.S.C. and subsidiaries (NMTC) (continued)							
4	**487,539**	-	June 2018	Unsecured	TMM Rate plus 1.1%	For general corporate purposes	Tunisiana :- Syndicated Loan facility of TND 220 million (approx USD 135 million) was signed in September 2013 for 5 years
5	**7,647**	-	August 2015	Cash Collateral	LIBOR plus 3%	For general corporate purposes	Wataniya Maldives: Loan Facilities of USD 3mn and USD 4mn were signed in February and September 2013 respectively.
6	**12,624**	-	February 2016	Cash Collateral	LIBOR plus 5.5%	For general corporate purposes	
7	**613,332**	-	December 2016	Unsecured	5%	For general corporate purposes	Wataniya Algeria: - Loan facility of DZD 13.4 billion (approx USD 172 million) was signed in December 2013 for 3years.
8	**133,123**	-	November 2014	Unsecured	Algerian repo rate +1.3%	For general corporate purposes	Wataniya Algeria: - A loan facility of DZD 3billion (approx USD 38million) was signed in August 2010 for 4 years.
9	**53,602**	-	March 2014	Unsecured	4.5%	For general corporate purposes	Wataniya Algeria: - A loan facility of DZD 1.5billion (approx USD 17.8million) was signed in March 2013 for 1 year.
10	**52,596**	-	September 2014	Unsecured	4.95%	For general corporate purposes	Wataniya Algeria: - A loan facility of DZD 1.125billion (approx USD 19 million) was signed in October 2012 for 2 years.
11	**232,285**	-	October 2016	Unsecured	CBK	For general corporate purposes	Wataniya Kuwait: - A new loan of KD 33mn was signed in October 2013 for 3 years.
Total	**1,919,073**	1,443,823					

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 ***QR'000***	**2012** ***QR'000***					
Asiacell							
1	**412,703**	728,302	June 2015	Guaranteed by Ooredoo Q,S.C (Parent)	LIBOR *plus* 1.75%	For general corporate purposes	QNB Loan - This loan entered in June 2012 is repayable in 30 equal monthly instalments.
2	**254,905**	364,148	November 2015	Guaranteed by Ooredoo Q,S.C (Parent)	LIBOR *plus* 1.40%	For general corporate purposes	HSBC Facility - This loan entered in October 2012 is repayable in 30 equal monthly instalments.
3	**51,814**	45,276	December 2015	Unsecured	LIBOR *plus* 2.50%	For purchase of network equipment	HSBC - Hermes facility signed in August 2011, for US$ 23.3 million. The loan is repayable in 6 equal semi-annual instalments starting from 31 May 2013.
Total	**719,422**	1,137,726					
PT Indosat Tbk and its subsidiaries							
1	**-**	573,536	June 2013	Unsecured	US Dollar LIBOR plus 1.9% p.a. for onshore and 1.85% p.a. for offshore lenders	To finance capital expenditure, refinancing and general working capital requirements.	The Syndicated US dollar loan facility was signed in June 2008 and is repayable semi-annually over a period of 4 to 5 years. The facility has been fully repaid in June 2013.

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 *QR'000*	2012 *QR'000*					
PT Indosat Tbk and its subsidiaries (continued)							
2	**343,973**	400,677	September 2019	Assets as pari-passu security	5.69% p.a.	To finance 85% of the French content under the Palapa D Satellite and 100% of the COFACE premium	12 years HSBC - COFACE term facility Payable in twenty semi-annual instalments.
3	**96,723**	112,668	September 2019	Unsecured	USD LIBOR + 0.35% p.a.	To finance 85% of the launch service contract under the Palapa D Satellite	12 years HSBC - SINOSURE term facility Payable in twenty semi-annual instalments.
4	**448,829**	112,973	June 2014	Unsecured	1-month JIBOR plus 1.25% payable monthly	To finance working capital, capital expenditure and/or refinancing requirements	MANDIRI Revolving loan facility agreement entered in June 2011. Based on the facility agreement, the Company is required to comply with certain covenants such as maintaining financial ratios.
5	**448,829**	376,577	February 2014	Unsecured	JIBOR + 1.75% p.a payable monthly	For general corporate purposes	BCA Revolving time loan had an initial maximum amount of IDR 1,000 billion which was amended to increase the amount up to IDR 1,500 billion.

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 ***QR'000***	**2012** ***QR'000***					
PT Indosat Tbk and its subsidiaries (continued)							
6	**537,960**	700,988	Facility A: May 2016 Facility B: February 2017 Facility C: November 2017	Unsecured	Facility A: 6 Month LIBOR Plus 2.87% Facility B: Commercial Interest Reference Rate ("CIRR") Plus 1.66% Facility C: CIRR Plus 1.64% - payable semi-annually.	Purchase of telecommunication equipments	AB Svensk Export credit facilities consisting of facilities A,B and C with maximum amounts of US $100 million, USD 155 million and USD 60 million respectively.
7	**777,970**	979,100	Series A: May 2014 Series B: May 2017	Unsecured	Series A 10.2% and Series B 10.65% - payable quarterly	For capital expenditure purposes	Fifth Indosat bonds - issued in May 2007 in 2 series: Series A amounting to IDR 1,230 billion Series B amounting to IDR 1,370 billion.
8	**95,750**	406,704	April 2015	Unsecured	Series A 10.25% and Series B 10.80% - payable quarterly	For capital expenditure purposes	Sixth Indosat bonds - issued in April 2008 in 2 series: Series A amounting to IDR 760 billion Series B amounting to IDR 320 billion The subsidiary is required to maintain certain financial ratios as required by the loan agreement.

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 *QR'000*	2012 *QR'000*					
PT Indosat Tbk and its subsidiaries (continued)							
9	**388,985**	489,550	Series A: December 2014 Series B: December 2016 – payable quarterly	Unsecured	Series A 11.25% and series B 11.75%	Repayment of Satelindo's debt and guaranteed floating rate bond.	Seventh Indosat bonds - issued in December 2009 in 2 series: Series A amounting to IDR 700 billion Series B amounting to IDR 600 billion. The subsidiary is required to maintain certain financial ratios as required by the loan agreement.
10	**2,370,670**	2,370,670	July 2020	Unconditionally and irrevocably guaranteed	7.375% Payable semi-annually	For purchase of Guarantee notes maturing in 2010 and 2012 and for refinancing part of the existing facilities	Guaranteed Notes ("GN") 2020 was issued at 99.478% of their principal amount with interest payable. The notes will be redeemable at the option of the issuer in whole or in part, at any time on or after 29 July 2015. Certain financial ratios to be maintained as part of the covenants.
11	**-**	182,075	May 2013	Unsecured	6.45% per annum	Purchase of telecommunication equipments.	This facility has been fully repaid in May 2013. (Goldman Sachs International)
12	**119,689**	150,631	May 2014	Unsecured	IDR 10.3 billion annual fixed Ijarah return	For capital expenditure purposes	Sukuk Ijarah II bonds issued on May 2007. Certain financial ratios need to be maintained as part of the covenants.
13	**-**	214,649	April 2013	Unsecured	IDR 58.425 billion annual fixed Ijarah costs	For capital expenditure purposes	Sukuk Ijarah III bonds has been fully repaid in April 2013.

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 *QR'000*	2012 *QR'000*					
PT Indosat Tbk and its subsidiaries (continued)							
14	**59,845**	75,315	Series A: December 2014 Series B: December 2016	Unsecured	Annual fixed Ijarah return. Series A bonds IDR 3.15 billion and Series B bonds IDR20.21 billion	For the purchase of Base Station Subsystem to expand the subsidiary's cellular network.	Sukuk Ijarah IV bonds issued in year 2009 Series A bonds amounting to IDR 28 billion Series B bonds amounting to IDR 172 billion
15	**359,063**	451,892	June 2019	Unsecured	Fixed rate of 8.625% p.a. payable quarterly	For BHP license cellular, purchase of BSS and repurchase of Second Indosat bond series B	Eighth Indosat Bond Series A Notes (fixed rate bonds) of IDR 1,200 billion issued for general corporate purposes.
16	**448,829**	564,866	June 2022	Unsecured	Fixed rate of 8.875% p.a. payable quarterly	For BHP license cellular, purchase of BSS and repurchase of Second Indosat bond series B	Eighth Indosat Bond Series B Notes (fixed rate bonds) of IDR 1,500 billion issued for general corporate purposes.
17	**89,766**	112,973	June 2019	Unsecured	Annual Ijarah payment of IDR25.875billion	For BHP license cellular, purchase of BSS and repurchase of Second Indosat bond series B	Sukuk Ijarah V bonds issued in 2012, IDR 300.0 billion.
18	**44,374**	55,378	November 2016	Assets as Pari-passu security	6 month LIBOR plus 1.45%	To finance 85% of the launch service contract under the Palapa D Satellite	9 years HSBC – commercial facility Payable in fifteen semi-annual instalments.

26 LOANS AND BORROWINGS (CONTINUED)

Sl. No.	Facility outstanding amount as at		Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
	2013 *QR'000*	2012 *QR'000*					
PT Indosat Tbk and its subsidiaries (continued)							
19	**89,766**	-	October 2016	Unsecured	3 months Jibor + 2.25%	For general corporate purposes	A revolving loan facility of IDR 750 billion (Approx. USD 24mn) was signed in October 2013 for 3years from IIF and SMI.
20	**299,219**	-	December 2018	Unsecured	9.25% payable quarterly	For capital expenditure and debt refinancing	BCA loan facility of IDR 1,000 billion was signed in July 2013 for 5 years.
21	**194,493**	37,659	December 2015	Unsecured	1month Jibor + 1.25%	For general corporate purposes	In Dec 2012, the company entered into a new loan of IDR 650 billion with a tenor of 3 years with BSMI.
Total	**7,214,733**	8,368,881					

Sl. No.	2013	2012	Maturity	Collateral	Interest rate/profit element	Purpose of the facility	Facility details
Others							
1	**41,513**	44,108	On demand	Unsecured	NIL	For general corporate purposes	Share holder loan payable on demand.
2	**-**	149,945	November 2016	Unsecured	1%	For general corporate purposes	Loan received from Associate – this has been repaid in full in 2013.
Total	**41,513**	194,053					

Others represent facilities of Midya Telecom Company Limited and Qtel Investment Holdings S.P.C.

27 EMPLOYEE BENEFITS

	2013 *QR'000*	*2012* *QR'000* (Restated)
Employees' end of service benefits	**337,388**	316,980
Post-retirement health care plan	**140,552**	377,523
Cash settled share based payments	**256,344**	162,414
Defined benefit pension plan/Labour Law No. 13/2003	**71,657**	136,518
Other employee benefits	**11,299**	16,636
Total employee benefits	**817,240**	1,010,071
Current portion of cash settled share based payments (note 29)	**(120,276)**	(81,686)
Employee benefits – non current	**696,964**	928,385

Movement in the provision for employee benefits are as follows:

	2013 *QR'000*	*2012* *QR'000*
At 1 January	**1,010,071**	952,205
Provided during the year	**299,392**	110,816
Paid during the year	**(129,884)**	(139,100)
Other comprehensive income	**(230,223)**	108,549
Relating to discontinued operation	**(13,408)**	-
Exchange adjustment	**(118,708)**	(22,399)
At 31 December	**817,240**	1,010,071

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

Plan A - Post-retirement healthcare plan

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

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

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

Plan C - Defined Benefit Pension Plan

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

Based on the agreement, a participating employee will receive:

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

27 EMPLOYEE BENEFITS (CONTINUED)

Actuarial assumptions

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

		2013			2012	
	Plan A	**Plan B**	**Plan C**	Plan A	Plan B	Plan C
Annual discount rate	**9.5%**	**9.0-9.5%**	**9.0%**	7.0%	6.0-6.5%	6.0%
Ultimate cost trend rate	**6.0%**	**-**	**-**	6.0%	-	-
Next year trend rate	**8.0%**	**-**	**-**	10.0%	-	-
Period to reach ultimate cost trend rate	**1 Years**	**-**	**-**	2 Years	-	-
Increase in compensation		**7.5-8.5%**	**3.0-9.0%**	-	7.5-8.5%	3.0- 9.0%
Expected annual rate of return on plan assets	**-**	**-**	**4.5-9.0%**	-	-	4.5- 8.0%
Mortality rate	**-**	**-**	**TMI 2011**	-	-	TMI 2011

Movement in net defined benefit (asset) / liability

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

		2013			2012	
	Plan A *QR'000*	**Plan B** *QR'000*	**Plan C** *QR'000*	Plan A *QR'000*	Plan B *QR'000* (Restated)	Plan C *QR'000*
At 1 January	**383,232**	**138,446**	**(8,332)**	276,200	116,913	(30,451)
Included in profit or loss						
Interest cost	**25,914**	**8,653**	**(778)**	25,139	10,020	(2,605)
Service cost	**14,752**	**13,682**	**11,719**	12,786	14,595	13,305
Curtailment gain	**(7,700)**	**(2,537)**	**2,974**	-	(182)	423
Immediate recognition of past service cost – vested benefit	**-**	**266**	**(1,025)**	-	(241)	-
	32,966	**20,064**	**12,890**	37,925	24,192	11,123
Included in other comprehensive income						
Actuarial (gain) / loss	**(180,425)**	**(49,798)**	**(74,604)**	98,299	10,250	14,944
Other movements						
Contribution	**-**	**-**	**(3,122)**	-	-	(3,968)
Benefit payment	**(6,663)**	**(3,345)**	**-**	(5,066)	(886)	-
Refund			**469**			535
Exchange adjustment	**(84,728)**	**(32,095)**	**34,503**	(24,126)	(12,023)	(515)
	(91,391)	**(35,440)**	**31,850**	(29,192)	(12,909)	(3,948)
At 31 December	**144,382**	**73,272**	**(38,196)**	383,232	138,446	(8,332)
Current portion	**3,830**	**1,615**	**(1,149)**	5,709	1,928	(548)
Non-current portion	**140,552**	**71,657**	**(37,047)**	377,523	136,518	(7,784)

27 EMPLOYEE BENEFITS (CONTINUED)

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

	2013	*2012*
Investments in:		
- Shares of stocks and properties	**45.87%**	7.10%
- Mutual fund	**44.20%**	75.34%
- Time deposits	**6.37%**	12.13%
- Debt securities	**3.56%**	5.43%
- Others	**0.00%**	0.00%

28 OTHER NON-CURRENT LIABILITIES

	2013 QR'000	*2012 QR'000*
Ministry of Communication and Technology ('MOCIT') Indonesia	**440,260**	727,121
Ministry of Telecommunications and Information Technology- Palestine	**197,903**	197,903
Site restoration provision	**61,958**	47,474
Finance lease liabilities (note 32)	**1,079,601**	1,195,349
Deferred gain on finance leases	**320,054**	455,914
Others	**526,081**	52,709
	2,625,857	2,676,470

29 TRADE AND OTHER PAYABLES

	2013 QR'000	*2012 QR'000*
Trade payables	**2,790,481**	3,034,702
Accrued expenses	**5,698,003**	4,243,915
Interest payable	**456,240**	374,913
Profit payable on islamic financing obligation	**10,757**	
Amounts due to international carriers	**748,586**	369,798
Negative fair value of derivatives	**22,237**	56,991
Finance lease liabilities (note 32)	**107,318**	110,322
Cash settled share based payments (note 27)	**120,276**	81,686
Other payables	**2,719,305**	2,699,667
	12,673,203	10,971,994

Included in other payables is an amount of QR 815,798 thousands (2012: QR 821,752 thousands) payable to regulators on account of regulatory fees.

30 DIVIDEND AND BONUS SHARES

Dividend paid and proposed

	2013	*2012*
	QR'000	*QR'000*
Declared, accrued and paid during the year		
Final dividend for 2012, QR 5 per share (2011 : QR 3 per share)	**1,601,600**	528,000
Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December)		
Final dividend for 2013, QR 4 per share (2012 : QR 5 per share)	**1,281,280**	1,601,600

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

Bonus shares:
During 2012, the Group issued bonus shares of 30% of the share capital as at 31 December 2011 amounting to QR 528,000 thousands.

31 DERIVATIVE FINANCIAL INSTRUMENTS

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

	Notional amounts	
	2013	*2012*
	QR'000	*QR'000*
Cross currency swaps	**-**	243,981
Currency forward contracts	**888,526**	1,175,432
Interest rate swaps	**259,410**	1,224,407
Fair value hedge	**304,559**	304,559
	1,452,495	2,948,379

	Fair values			
	2013		*2012*	
	Positive	***Negative***	*Positive*	*Negative*
	QR'000	***QR'000***	*QR'000*	*QR'000*
Cross currency swaps	**-**	-	11,262	-
Currency forward contracts	**58,518**	-	15,135	33
Interest rate swaps	**-**	**11,042**	-	30,594
Fair value hedge	**77,837**	**10,036**	4,240	26,295
	136,355	**21,078**	30,637	56,922

31 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges
The Group has several interest rates swap and basis swap agreements with a view to limit its floating interest rate exposure on its term loans. Under the interest rate swap arrangements, the Group will pay an agreed fixed interest rate and receive floating interest rates based on USD LIBOR.

The swap arrangements qualify for hedge accounting under IAS 39, the hedging relationship and objective, including details of the hedged items and hedging instruments are formally documented as the transactions are accounted as cash flow hedges.

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	*Positive fair value*	*Notional Amounts*
	QR'000	*QR'000*	*QR'000*
Interest rate swaps			
31 December 2013	**1,159**	**2,116**	**244,270**
31 December 2012	69	-	80,210

32 COMMITMENTS

Capital expenditure commitments

	2013	*2012*
	QR'000	*QR'000*
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**8,393,649**	4,608,619

Operating lease commitments

	2013	*2012*
	QR'000	*QR'000*
Future minimum lease payments:		
Not later than one year	**203,376**	175,771
Later than one year and not later than five years	**615,681**	511,778
Later than five years	**171,165**	222,572
Total operating lease expenditure contracted for at 31 December	**990,222**	910,121

Finance lease commitments

	2013	*2012*
	QR'000	*QR'000*
Amounts under finance leases		
Minimum lease payments		
Not later than one year	**235,037**	252,976
Later than one year and not later than five years	**906,231**	953,073
Later than five years	**632,179**	835,920
	1,773,447	2,041,969
Less: unearned finance income	**(586,528)**	(736,298)
Present value of minimum lease payments	**1,186,919**	1,305,671

32 COMMITMENTS (CONTINUED)

Present value of minimum lease payments	*Note*		
Current potion	29	**107,318**	110,322
Non-current portion	28	**1,079,601**	1,195,349
		1,186,919	1,305,671

33 CONTINGENT LIABILITIES

	2013 QR'000	*2012 QR'000*
Letters of guarantees	**405,961**	308,557
Letters of credit	**139,351**	113,911
Claims against the Group not acknowledged as debts	**764**	2,675

Litigation
The Group is from time to time a party to various legal actions arising in the ordinary course of its business. The Group does not believe that the resolution of these legal actions 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. These proceedings were initiated pursuant to a report from the Indonesian Telecommunication Consumer Non Governmental Organisation, which alleged that IM2 had avoided paying certain spectrum fees by unlawfully using Indosat's 3G spectrum which Indosat had acquired through a tender process in 2006.

On 8 July 2013, the Indonesia Corruption Court imposed a fine of QR 477 million (USD 131 million) against IM2 in a related case against the former President Director of IM2. Both the former President Director of IM2 and the AGO lodged appeals to the Jakarta High Court. On 10 January 2014, the Jakarta High Court issued a decision in favour of IM2 and cancelled the fine of QR 477 million (USD 131 million) against IM2 for the compensation of the state loss. The AGO is currently investigating related cases against IM2, Indosat and its former CEO, and the AGO may institute fresh proceedings to the Corruption Court.

b) Tax demand notices against Asiacell
As at the reporting date, one of the Group's subsidiaries, Asiacell Communication PJSC ("ACL") was subject to tax demand notice by the General Commission for Taxes, Iraq (the "GCT") for the years 2004 to 2008 for an amount of QR 387.1 million and a further tax demand notice by the GCT for the years 2003 to 2007 for an amount of QR 84.6 million relating to employees' income tax.

Currently the ACL management is in the process of discussing the basis of each of these claims and certain amount is paid under protest to comply with the requirements of tax laws in Iraq. ACL management is of the view that ACL has strong grounds to challenge each of these claims.

33 CONTINGENT LIABILITIES (CONTINUED)

c) Proceedings against Wataniya relating to misuse of network infrastructure
The Ministry of Communications ("MOC") in Kuwait initiated proceedings against one of the Group's subsidiaries, National Mobile Telecommunication Company ("NMTC") under Article 262 of the Kuwaiti Civil Code, claiming unlawful use of the Ministry's network infrastructure since 1999. As of reporting date, the proceedings were pending before the Kuwaiti Court of Appeal.

Subsequent to the reporting date, on 18 February 2014, the Kuwaiti Court of Appeal ruled in favour of the MOC. The decision was based on the claimed right of the MOC to charge fees according to Kuwaiti Law for mobile services provided via the Company's mobile network. The judgement was for an amount of QR 474.1 million (equivalent Kuwaiti Dinar 36.7 million).

As per the Kuwaiti Court rules, the management is in the process of challenging the judgment of the Court of Appeal before the Court of Cassation, hence, the outcome of the lawsuit is uncertain. The management believes that NMTC has strong grounds to challenge the judgment of the Court of Appeal, accordingly, no provision is recognised in these consolidated financial statements.

34 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, finance leases, and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, investments and cash and short-term deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily interest rate swaps, cross currency swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are market risk, credit risk, liquidity risk and operational risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

Interest rate risk
The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, loans receivable, available-for-sale debt instruments, loans and borrowings. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates and fixed interest instruments maturing within three months from the end of the financial reporting year.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional amount. The swaps are designated to hedge underlying debt obligations. At 31 December 2013, after taking into the effect of interest rate swaps, approximately 75 % of the Group's borrowings are at a fixed rate of interest (2012: 66%).

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

The following table demonstrates the sensitivity of the consolidated statement of profit or loss and equity to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of profit or loss and equity is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Consolidated statement of profit or loss	*Equity*
	+25b.p	*+25 b. p*
	QR'000	*QR'000*
At 31 December 2013		
USD LIBOR	**(23,489)**	611
Others	**(4,754)**	**-**
At 31 December 2012		
USD LIBOR	(30,349)	201
Others	(3,206)	-

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.

	2013	*2012*
	QR'000	*QR'000*
	Assets (Liabilities)	*Assets (Liabilities)*
Indonesian Rupiah (IDR)	**5,402,507**	4,241,922
Kuwaiti Dinar (KD)	**8,342,247**	7,913,787
US Dollars (USD)	**(5,521,697)**	(4,069,510)
Euro	**(27,285)**	(267,191)
Great British Pounds (GBP)	**(3,095)**	(4,011)
Tunisian Dinar (TND)	**7,574,129**	9,065,188
Algerian Dinar (DZD)	**3,622,007**	3,672,291
Others	**(17,026)**	95,423

The US Dollar denominated balances are not considered to represent a significant currency risk as Qatari Riyal is pegged to US Dollar.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to consolidated statement of profit or loss and equity for a reasonably possible change in the following currencies against Qatari Riyal, with all other variables held constant, of the Group's profit due to changes in the fair value of monetary assets and liabilities and the Group's equity on account of translation of foreign subsidiaries. The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown:

	Effect on consolidated statement of profit or loss		*Effect on equity*	
	2013	*2012*	***2013***	*2012*
	+ %	*+10%*	***+ %***	*+10%*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Indonesian Rupiah	**-**	-	**540,251**	424,192
Kuwaiti Dinar	**-**	-	**834,225**	791,379
Tunisian Dinar	**-**	-	**757,413**	906,519
Algerian Dinar	**-**	-	**362,201**	367,229
US Dollars	**(552,170)**	(406,951)	**-**	-
Euro	**(2,729)**	(26,719)	**-**	-
Great British Pounds	**(311)**	(402)	**-**	-

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*
2013		
Qatar Exchange (QE)	**10%**	**55,911**
Kuwait Stock Exchange (KSE)	**15%**	**1,939**
Indonesia Stock Exchange (IDX)	**10%**	**41,621**
2012		
Qatar Exchange (QE)	+10%	51,453
Kuwait Stock Exchange (KSE)	+15%	4,166
Indonesia Stock Exchange (IDX)	+10%	51,478

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated statement of profit or loss will be impacted.

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.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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:

	2013 ***QR'000***	*2012* *QR'000*
Qatar	**887,863**	878,510
Other countries	**1,840,219**	2,053,918
	2,728,082	2,932,428

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2013 ***QR'000***	*2012* *QR'000*
Available-for-sale debt instruments	**113,505**	126,717
Bank balances (excluding cash)	**20,228,535**	14,936,469
Positive fair value of derivatives	**138,471**	30,637
Amounts due from international carriers	**558,029**	223,386
Unbilled subscriber revenue	**715,054**	317,984
Other non-current assets	**-**	149,956
	21,753,594	15,785,149

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks, 74% of bank balances represents balances maintained with local banks in Qatar with a rating of atleast 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.

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.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of Groups own reserves and bank facilities. The Group's terms of sales require amounts to be paid within 30 days from the invoiced date. The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	Less than 1 year QR'000	*1 to 2 years QR'000*	*2 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
At 31 December 2013					
Loans and borrowings	**10,433,708**	**5,806,428**	**17,845,652**	**24,679,931**	**58,765,719**
Trade payables	**2,790,481**	**-**	**-**	**-**	**2,790,481**
License costs payable	**165,851**	**153,668**	**433,836**	**-**	**753,355**
Finance lease liabilities	**235,037**	**235,356**	**670,875**	**632,179**	**1,773,447**
Other financial liabilities	**891,099**	**198,026**	**-**	**-**	**1,089,125**
	14,516,176	**6,393,478**	**18,950,363**	**25,312,110**	**65,172,127**

	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 2012					
Loans and borrowings	9,290,975	9,349,494	12,166,845	19,112,391	49,919,705
Trade payables	3,034,702	-	-	-	3,034,702
License costs payable	230,869	412,956	409,780	92,638	1,146,243
Finance lease liabilities	252,976	252,976	700,097	835,920	2,041,969
Other financial liabilities	508,475	128,202	-	-	636,677
	13,317,997	10,143,628	13,276,722	20,040,949	56,779,296

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 2013 and 31 December 2012.

Capital includes share capital, legal reserve, other statutory reserves and retained earnings and is measured at QR 25,263,582 thousands at 31 December 2013 (2012: QR 25,905,232 thousands).

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values
Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements:

	Carrying amounts		*Fair values*	
	2013 QR'000	*2012 QR'000*	***2013 QR'000***	*2012 QR'000*
Financial assets				
Available-for-sale investments	2,704,493	2,633,650	**2,704,493**	2,633,650
Other non-current assets	-	149,956	**-**	149,956
Trade and other receivables	4,139,636	3,504,435	**4,139,636**	3,504,435
Bank balances and cash	20,304,571	15,006,026	**20,304,571**	15,006,026
Financial liabilities				
Loans and borrowings	45,769,245	39,765,230	**44,229,359**	38,833,382
Other non-current liabilities	638,163	925,024	**638,163**	925,024
Finance lease liabilities	1,186,919	1,305,671	**1,186,919**	1,305,671
Trade and other payables	6,867,882	6,617,757	**6,867,882**	6,617,757
Income tax payable	561,122	505,019	**561,122**	505,019

The following methods and assumptions were used to estimate the fair values.

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. At the end of the reporting period, the carrying amounts of such receivables, net of allowances, approximate their fair values.

- Fair value of quoted investments is based on price quotations at the end of the reporting period. The fair value of unquoted investments, loans from banks and other financial indebtedness, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates applicable for similar risks and maturity profiles. Fair values of unquoted financial assets are estimated using appropriate valuation techniques.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot and forward rates and interest rate curves.

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:

Financial assets

	2013 QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Available- for- sale investments	**2,641,766**	**1,098,112**	**1,543,654**	**-**
Derivative financial instruments	**138,471**	**-**	**138,471**	**-**
	2,780,237	**1,098,112**	**1,682,125**	**-**

	2012 QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Available- for- sale investments	2,487,224	1,180,177	1,307,047	-
Derivative financial instruments	30,637	-	30,637	-
	2,517,861	1,180,177	1,337,684	-

Financial liabilities

	2013 QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Derivative financial instruments	**22,237**	**-**	**22,237**	**-**

	2012 QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Derivative financial instruments	56,991	-	56,991	-

36 RELATED PARTY DISCLOSURES

Related party transactions and balances

Related parties represent associated companies including Government and semi Government agencies, associates, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. In the ordinary course of business the Group enters into transactions with related parties. Pricing policies and terms of transactions are approved by the Group's management. The Group enters into commercial transactions with Government related entities in the ordinary course of business in terms of providing telecommunication services, placement of deposits and obtaining credit facilities etc.

a) Transactions with Government and related entities

The Group enters into commercial transactions with other Government related entities in the ordinary course of business which includes providing telecommunication services, placement of deposits and obtaining credit facilities. All these transactions are at arm's length and in the normal course of business.

b) Transactions with Directors and other key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility of planning, directing and controlling the activities of the Group.

Directors' remuneration including committee fees of QR 19,480 thousands was proposed for the year ended 31 December 2013 (2012: QR 19,480 thousands). The compensation and benefits related to key management personnel amounted to QR 164,013 thousands (2012: QR 152,921thousands) and end of service benefits amounted to QR 22,336 thousands (2012: QR 19,521 thousands). The remuneration to the Board of Directors has been included under the caption "employee salaries and associated costs" in Selling, general and administration expenses in note 7.

37 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment and investment property

The Group's management determines the estimated useful lives of its property, plant and equipment and investment property for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

Useful lives of intangible assets

The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected usage of the asset, technical or commercial obsolescence.

Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through consolidated statement of profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. All investments are classified as "available-for-sale".

37 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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 unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

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

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

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

Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis with revenue representing the margin earned.

Business combinations
The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity.

The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the consolidated statement of profit or loss.

37 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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 the customer loyalty programme estimating the weighted average cost for redemption of the points. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

Hedge effectiveness for cash flow hedges
Management reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The fair values of the interest rate swaps and basis swaps are determined based on future expected LIBOR rates.

38 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON – CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

31 December 2013	***Asiacel, Iraq QR'000***	***Wataniya, Kuwait QR'000***	***Ooredoo, Algeria QR'000***	***Ooredoo, Tunisia QR'000***	***Indosat, Indonesia QR'000***	***Nawras, Oman QR'000***
Non-current assets	**7,497,195**	**13,464,177**	**5,236,653**	**2,529,807**	**14,761,942**	**2,756,548**
Current assets	**1,531,124**	**1,396,798**	**1,755,141**	**807,228**	**2,148,818**	**461,103**
Non-current liabilities	**(731,005)**	**(287,856)**	**(1,400,018)**	**(457,638)**	**(7,936,158)**	**(319,984)**
Current liabilities	**(2,510,133)**	**(2,455,322)**	**(3,240,244)**	**(1,443,387)**	**(4,014,315)**	**(1,112,603)**
Net assets	**5,787,181**	**12,117,797**	**2,351,532**	**1,436,010**	**4,960,287**	**1,785,064**
Carrying amount of NCI	**2,079,963**	**955,449**	**601,948**	**228,520**	**1,914,230**	**803,279**
Revenue	**7,070,682**	**2,481,286**	**3,883,810**	**2,504,151**	**8,371,003**	**1,990,126**
Profit / (loss)	**1,733,666**	**179,561**	**733,393**	**479,149**	**(849,760)**	**313,722**
Profit / (loss) allocated to NCI	**642,987**	**14,158**	**187,735**	**76,249**	**(270,301)**	**141,175**

31 December 2012	*Asiacel, Iraq QR'000*	*Wataniya, Kuwait QR'000*	*Ooredoo, Algeria QR'000*	*Ooredoo, Tunisia QR'000*	*Indosat, Indonesia QR'000*	*Nawras, Oman QR'000*
Non-current assets	7,290,135	12,793,592	3,809,105	2,654,314	18,546,237	2,397,266
Current assets	1,330,025	986,589	1,124,561	1,278,141	3,048,664	528,449
Non-current liabilities	(729,856)	(47,800)	(1,532,687)	(26,235)	(10,299,219)	(239,942)
Current liabilities	(2,253,463)	(1,740,612)	(1,815,452)	(1,226,291)	(4,066,770)	(981,148)
Net assets	5,636,841	11,991,769	1,585,527	2,679,929	7,228,912	1,704,625
Carrying amount of NCI	2,598,706	945,512	405,865	426,471	2,730,013	767,081
Revenue	6,878,111	2,853,844	3,478,938	2,633,221	8,803,980	1,907,140
Profit / (loss)	1,968,403	590,270	359,000	610,283	218,410	350,068
Profit / (loss) allocated to NCI	1,108,496	255,922	150,080	353,935	104,344	157,530

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 (formerly "Qtel")* 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. *Wataniya* is a provider of mobile telephone and pager systems and services in Kuwait and elsewhere in the Middle East and North African (MENA) region;

4. *Indosat* is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia;

5. *Nawras* is a provider of mobile telecommunication services in Oman and has been awarded a license to operate fixed telecommunication services; and

6. Others include some of the Group's subsidiaries which are providers of wireless and telecommunication services.

Management monitors the operating results of its operating subsidiaries separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of these reportable segments. Transfer pricing between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

39 SEGMENT INFORMATION (CONTINUED)

Operating segments

The following tables' present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2013 and 2012:

Year ended 31 December 2013

	Ooredoo QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Revenue								
Third party	**6,527,293**	**7,044,480**	**9,286,904**	**8,328,871**	**1,981,430**	**682,362**	**-**	**33,851,340**
Inter-segment	**62,695**	**26,202**	**91,496**	**42,132**	**8,696**	**103,415**	**(334,636)**	**-**
Total revenue	**6,589,988**	**7,070,682**	**9,378,400**	**8,371,003**	**1,990,126**	**785,777**	**(334,636)**	**33,851,340**
Results								
Segment profit before tax	**1,501,318**	**2,423,173**	**1,884,378**	**(1,077,590)**	**412,527**	**(703,075)**	**(545,585)**	**3,895,146**
Depreciation and amortisation	**712,942**	**1,047,103**	**1,604,857**	**3,275,197**	**374,088**	**103,077**	**545,585**	**7,662,849**
Finance costs (net)	**1,125,479**	**17,480**	**69,158**	**794,428**	**20,430**	**(6,093)**	**-**	**2,020,882**

39 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2012

	Ooredoo QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*		*Total QR'000*
Revenue									
Third party	6,126,045	6,807,962	9,304,656	8,777,513	1,899,583	559,850	-		33,475,609
Inter-segment	94,052	70,149	140,216	26,467	7,557	117,179	(455,620)	(i)	-
Total revenue	6,220,097	6,878,111	9,444,872	8,803,980	1,907,140	677,029	(455,620)		33,475,609
Results									
Segment profit before tax	1,711,049	2,493,623	1,988,343	235,235	454,060	(330,562)	(739,068)	(ii)	5,812,680
Depreciation and amortisation	681,992	942,979	1,540,649	3,339,677	310,240	106,771	690,149	(iii)	7,612,457
Finance costs (net)	933,175	49,499	60,916	887,368	12,795	(22,747)	-		1,921,006

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Segment profit before tax does not include the following:

	2013 QR'000	*2012 QR'000*
Amortization of intangibles	**(545,585)**	(690,149)
Impairment of intangibles	**-**	(48,919)
	(545,585)	(739,068)

(iii) Amortisation relating to additional intangibles identified from business combination was not considered as part of segment expense.

39 SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 31 December 2013 and 2012.

	Ooredoo QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*	*Total QR'000*
Segment assets (i)								
At 31 December 2013	**24,493,227**	**8,857,432**	**27,743,561**	**18,201,410**	**3,217,092**	**3,734,715**	**11,168,218**	**97,415,655**
At 31 December 2012 (Restated)	18,192,813	8,432,088	25,917,717	23,278,311	2,924,356	3,127,418	12,332,621	94,205,324
Capital expenditure (ii)								
At 31 December 2013	**830,876**	**1,339,812**	**4,030,160**	**2,787,936**	**736,826**	**66,054**	**-**	**9,791,664**
At 31 December 2012	764,022	815,869	2,447,310	3,568,059	585,134	76,717	-	8,257,111

(i) Goodwill amounting to QR 11,168,218 thousands (31 December 2012: QR 12,332,621 thousands) was not considered as part of segment assets as goodwill is not used by the Chief Decision Making officers for strategic decision making purposes .

(ii) Capital expenditure consists of additions to property, plant and equipment and intangibles excluding goodwill and assets from business combinations.

40 CONTRIBUTION TO SOCIAL AND SPORTS FUND

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the group is required to contribute 2.5% of its annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in statement of changes in equity.

During the year, the group appropriated an amount of QR 34,238 thousands (2012: QR 38,119 thousands) representing 2.5% of the net profit generated from Qatar Operations.

41 DISCONTINUED OPERATION

In December 2012, one of the Group's subsidiaries wi-tribe Limited- Jordan P.S.C.("Jordan") ceased its operations and accordingly this had been classified as a discontinued operation in accordance with IFRS 5.

As of 31 December 2013, the management of the Group has committed to a plan to sell all the equity interest in one of the Group's subsidiaries, Public Telecommunications Company Ltd. ("PTC"). As at 31 December 2013, final negotiations for the sale were in progress. As a result, PTC has been reclassified as a disposal group held for sale and disclosed as a discontinued operation as per IFRS 5.

The consolidated statement of profit or loss and statement of cash flow for the comparative year have been represented to disclose the discontinued operation separately from continuing operations.

Results of discontinued operations	***2013***	***2013***	***2013***	*2012*
	QR'000	***QR'000***	***QR'000***	*QR'000*
	Jordon	**PTC**	**Total**	
Revenue	**-**	**237,927**	**237,927**	238,602
Operating expenses	**855**	**(45,874)**	**(45,019)**	(145,663)
Selling, general and administrative expenses	**49**	**(96,064)**	**(96,015)**	(107,779)
Depreciation and amortization	**(46)**	**(87,937)**	**(87,983)**	(89,738)
Finance costs – net	**(203)**	**57**	**(146)**	48
Other income (expense) – net	**805**	**9,466**	**10,271**	3,516
Royalties and fees	**-**	**(7,891)**	**(7,891)**	(11,855)
Results from operating activities	**1,460**	**9,684**	**11,144**	(112,869)
Loss on sale of a discontinued operation	**(1,071)**	**-**	**(1,071)**	-
Results from operating activities – Jordon	**-**	**-**	**-**	(68,169)
Profit / (loss) for the year	**389**	**9,684**	**10,073**	(181,038)

In May 2013, the Group disposed wi-tribe Limited - Jordan P.S.C. for a net consideration of QR 510 thousands and derecognised net assets amounting to QR 1,581 thousands on the date of disposal. As a result, the Group has recognized a loss of QR 1,071 thousands on disposal of this subsidiary.

Cash flows from (used in) discontinued operations	***2013***	*2012*
	QR'000	*QR'000*
Net cash used in operating activities	**123,236**	(2,595)
Net cash from investing activities	**(5,745)**	(8,881)
Net cash from financing activities	**-**	68,291
Net cash flows for the year	**117,491**	56,815

41 DISCONTINUED OPERATION (CONTINUED)

Financial position of discontinued operation	***2013*** ***QR'000***	*2012* *QR'000*
Assets		
Property, plant and equipment	**4,958**	513
Intangible assets	**103,282**	-
Inventories	**6,036**	-
Trade and other receivables	**62,759**	1,148
Cash and cash equivalents	**199,661**	4,843
	376,696	6,504
Less: Assets of subsidiary disposed	**(1,560)**	-
Assets held for distribution	**375,136**	6,504
Liabilities		
Employees benefits	**(13,408)**	-
Other non-current liabilities	**(40,418)**	-
Trade and other payables	**(425,092)**	(30,882)
Deferred income	**(21,364)**	(5,776)
	(500,282)	(36,658)
Less: Liabilities of subsidiary disposed	**(21)**	-
Liabilities held for distribution	**(500,303)**	(36,658)
		-
Net liabilities	**(125,167)**	(30,154)

42 COMPARATIVE INFORMATION

(i) Restatement of comparative information

Restatement on account of revision to "IAS 19 - Employee Benefits"

The Group has adopted the amendments to "IAS 19 - Employee Benefits" from 1 January 2013 with retrospective effect. Previously, the Group used to recognise actuarial gains and losses on a deferred basis under the corridor method on their defined benefit plans (allowed under IAS 19 before amendments).

As a result of new amendment, previously deferred actuarial gains and losses pertaining to defined benefit plans of one of the Group's subsidiaries PT Indosat Tbk have been recognized through other comprehensive income. Accordingly, the previously reported numbers for 2012 have been restated as follows:

	Note	***As reported QR'000***	***Restatement impact QR'000***	***As restated QR'000***
Consolidated financial statements				
Other non-current assets		936,991	(28,831)	908,160
Deferred tax assets		69,455	5,126	74,581
Employee benefit reserve	(a)	-	(110,958)	(110,958)
Retained earnings	(a)	9,585,735	10,756	9,596,491
Non-controlling interests	(a)	8,999,618	(57,832)	8,941,786
Employees benefits		746,503	181,882	928,385
Deferred tax liabilities		1,417,689	(47,553)	1,370,136

(a) These numbers have been retrospectively restated for all prior periods.

42 COMPARATIVE INFORMATION (CONTINUED)

(i) Restatement of comparative information (continued)

Restatement on account of reclassification of property, plant and equipment to investment property
During the year, the Group has reassessed usage of its head quarter building for both the years 2012 and 2013 since a portion of the building is being rented to an external party. In accordance with the criteria under IAS 40 "Investment property", the management has reclassified net book value amounting to QR 66,459 thousands from property, plant and equipment to investment property.

Accordingly, the previously reported numbers of property, plant and equipment for 2012 have been restated and reclassified to investment property. However, such reclassification does not result in any change in total non-current assets reported in 2012. The management has adopted the "cost model" under IAS 40 to account for its investment property and there is no change in accounting treatment and method of depreciation previously used while it was treated as property, plant and equipment with an exception of separate presentation in the financial statements.

Restatement on account of acquisition of non-controlling interest
In September 2013, net assets of Tunisia pertaining to December 2012 acquisition of 15% non-controlling interest in Tunisiana S.A was adjusted from QR 3,274,142 thousands to QR 2,840,027 thousands. As a result, the excess of cash consideration over carrying values of net assets acquired of QR 819,820 thousands ,originally charged to retained earnings, has been restated by adjusting retained earnings downwards and non-controlling interests upwards by QR 65,117 thousands in order to reflect the correct position at the time of acquisition of non-controlling interests in December 2012.

Restatement on account of disposal of non-controlling interest
In 2013, net assets pertaining to the earlier disposal of an effective 0.55% stake in Nawras (one of the Group's subsidiaries) through an initial public offering ("IPO") was adjusted by QR 88,869 thousands. As a result, the excess of IPO proceeds received over the carrying value of net assets disposed previously credited to retained earnings has been restated by adjusting retained earnings downwards and non-controlling interest upwards by QR 88,869 thousands to reflect the correct position of the disposal of stake.

(ii) Reclassification of comparative information
Corresponding figures for 2012 have been reclassified in order to conform with the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or shareholder's equity.

43 EVENTS AFTER THE REPORTING DATE

Disposal of PTC
On 31st January 2014, the Group completed the legal formalities relating to the disposal of one of its subsidiaries PTC. In 2013 PTC has been reflected as a discontinued operation as explained further in note 41. With this disposal, PTC is no longer subsidiary of the Group and will be derecognised in 2014.

Myanmar License
One of the subsidiaries of the Group, Ooredoo Myanmar Limited (OML) was awarded a 15 year nationwide telecommunication license and associated spectrum license by Myanmar Post and Telecommunications Department, Ministry of Information and Technology with an effective date of 5 February 2014.