OOREDOO Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2015

OOREDOO Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

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KPMG

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Independent auditors' report

To The shareholders of Ooredoo Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ooredoo Q.S.C. ("the Company") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2015, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 12 (ii) and 12 (iii) of the consolidated financial statements, which describe:

- the effects on the property, plant and equipment of the Company's subsidiary in Iraq due to the current security situation in certain locations there; and
- certain properties received as part of the settlement arrangement agreed with one of the banks in Iraq, whose titles are yet to be transferred in the name of the Company's subsidiary in Iraq.

Report on other legal and regulatory requirements

We have obtained all the information and explanations which we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We confirm that physical count of inventories was carried out in accordance with established principles. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No 11 of 2015 or the terms of the Company's Articles of Association during the year which might have had a material adverse effect on the business of the Company or on its consolidated financial position as at 31 December 2015.

01 March 2016
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2015

	Note	***2015*** ***QR'000***	*2014* *QR'000*
Continuing operations			
Revenue	4	**32,160,855**	33,207,209
Operating expenses	5	**(11,400,368)**	(12,043,019)
Selling, general and administrative expenses	6	**(7,756,835)**	(8,305,408)
Depreciation and amortisation	7	**(7,945,360)**	(7,626,309)
Net finance costs	8	**(2,016,798)**	(2,031,844)
Impairment loss of goodwill and other assets	13(ii)	**(333,086)**	(25,963)
Other income – net	9	**310,442**	209,528
Share of results in associates and joint venture – net of tax	15	**14,677**	89,098
Royalties and fees	10	**(408,578)**	(392,834)
Profit before income taxes		**2,624,949**	3,080,458
Income tax	18	**(331,466)**	(598,796)
Profit from continuing operations		**2,293,483**	2,481,662
Discontinued operation			
Profit from discontinued operation – net of tax	40	**-**	46,725
Profit for the year		**2,293,483**	2,528,387
Profit attributable to:			
Shareholders of the parent		**2,118,278**	2,134,334
Non-controlling interests		**175,205**	394,053
		2,293,483	2,528,387
Basic and diluted earnings per share (Attributable to shareholders of the parent) (Expressed in QR per share)	11	**6.61**	6.66

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Note	*2015* *QR'000*	*2014* *QR'000*
Profit for the year		**2,293,483**	2,528,387
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale investments	24	**(448,125)**	(479,044)
Effective portion of changes in fair value of cash flow hedges	24	**(214)**	(318)
Net changes in fair value of employee's benefit reserve	24	**38,918**	(41,266)
Share of other comprehensive income of associates and joint venture	24	**(1,932)**	1,352
Foreign currency translation differences	24	**(2,440,760)**	(1,986,245)
Other comprehensive income for the year – net of tax		**(2,852,113)**	(2,505,521)
Total comprehensive income for the year		**(558,630)**	22,866
Total comprehensive income attributable to:			
Shareholders of the parent		**(366,745)**	(163,258)
Non-controlling interests		**(191,885)**	186,124
		(558,630)	22,866

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

OOREDOO Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Note	*2015 QR'000*	*2014 QR'000*
ASSETS			
Non-current assets			
Property, plant and equipment	12	**33,745,408**	33,690,589
Intangible assets and goodwill	13	**30,139,906**	33,524,208
Investment property	14	**49,861**	55,112
Investment in associates and joint venture	15	**2,296,421**	2,604,367
Available-for-sale investments	16	**747,196**	1,627,146
Other non-current assets	17	**665,115**	750,626
Deferred tax assets	18	**54,561**	59,884
Total non-current assets		**67,698,468**	72,311,932
Current assets			
Inventories	19	**697,069**	666,670
Trade and other receivables	20	**7,598,348**	7,583,319
Bank balances and cash	21	**18,158,180**	17,437,426
Total current assets		**26,453,597**	25,687,415
TOTAL ASSETS		**94,152,065**	97,999,347
EQUITY			
Share capital	22	**3,203,200**	3,203,200
Legal reserve	23 (a)	**12,434,282**	12,434,282
Fair value reserve	23 (b)	**448,184**	892,562
Employees benefit reserve	23 (c)	**39,102**	17,659
Translation reserve	23 (d)	**(5,565,599)**	(3,503,511)
Other statutory reserves	23 (e)	**1,094,696**	1,057,820
Retained earnings		**10,155,924**	9,386,147
Equity attributable to shareholders of the parent		**21,809,789**	23,488,159
Non-controlling interests		**6,563,076**	6,980,354
Total equity		**28,372,865**	30,468,513

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2015

	Note	*2015* *QR'000*	*2014* *QR'000*
LIABILITIES			
Non-current liabilities			
Loans and borrowings	25	**36,108,055**	35,641,221
Employees benefits	26	**812,142**	837,458
Deferred tax liabilities	18	**466,953**	755,494
Other non-current liabilities	27	**2,016,333**	3,658,173
Total non-current liabilities		**39,403,483**	40,892,346
Current liabilities			
Loans and borrowings	25	**6,663,787**	7,155,509
Trade and other payables	28	**17,243,549**	16,998,045
Deferred income		**1,775,181**	1,914,890
Income tax payable		**693,200**	570,044
Total current liabilities		**26,375,717**	26,638,488
Total liabilities		**65,779,200**	67,530,834
TOTAL EQUITY AND LIABILITIES		**94,152,065**	97,999,347

....
Abdulla Bin Mohammed Bin Saud Al-Thani
Chairman

....
Ali Shareef Al-Emadi
Deputy Chairman

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

OOREDOO Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

		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 2015		3,203,200	12,434,282	892,562	17,659	(3,503,511)	1,057,820	9,386,147	23,488,159	6,980,354	30,468,513
Profit for the year		-	-	-	-	-	-	2,118,278	2,118,278	175,205	2,293,483
Other comprehensive income		-	-	(444,378)	21,443	(2,062,088)	-	-	(2,485,023)	(367,090)	(2,852,113)
Total comprehensive income for the year		-	-	(444,378)	21,443	(2,062,088)	-	2,118,278	(366,745)	(191,885)	(558,630)
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend for 2014	29	-	-	-	-	-	-	(1,281,280)	(1,281,280)	-	(1,281,280)
Transfer to other statutory reserves		-	-	-	-	-	36,876	(36,876)	-	-	-
Transactions with non-controlling interest, recognised directly in equity											
Change in non-controlling interest of an associate		-	-	-	-	-	-	4,824	4,824	-	4,824
Dividend for 2014		-	-	-	-	-	-	-	-	(225,393)	(225,393)
Transactions with non-owners of the Group, recognised directly in equity											
Transfer to social and sports fund		-	-	-	-	-	-	(35,169)	(35,169)	-	(35,169)
At 31 December 2015		**3,203,200**	**12,434,282**	**448,184**	**39,102**	**(5,565,599)**	**1,094,696**	**10,155,924**	**21,809,789**	**6,563,076**	**28,372,865**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2015

	Note	*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 2014		3,203,200	12,434,282	1,326,369	43,165	(1,665,232)	980,788	8,645,312	24,967,884	7,459,448	32,427,332
Profit for the year		-	-	-	-	-	-	2,134,334	2,134,334	394,053	2,528,387
Other comprehensive income		-	-	(433,807)	(25,506)	(1,838,279)	-	-	(2,297,592)	(207,929)	(2,505,521)
Total comprehensive income for the year		-	-	(433,807)	(25,506)	(1,838,279)	-	2,134,334	(163,258)	186,124	22,866
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend for 2013	29	-	-	-	-	-	-	(1,281,280)	(1,281,280)	-	(1,281,280)
Transfer to other statutory reserves		-	-	-	-	-	77,032	(77,032)	-	-	-
Transactions with non-controlling interest, recognised directly in equity											
Change in non-controlling interest of an associate		-	-	-	-	-	-	12,635	12,635	-	12,635
Dividend for 2013		-	-	-	-	-	-	-	-	(665,218)	(665,218)
Transactions with non-owners of the group, recognised directly in equity											
Transfer to social and sports fund		-	-	-	-	-	-	(47,822)	(47,822)	-	(47,822)
At 31 December 2014		3,203,200	12,434,282	892,562	17,659	(3,503,511)	1,057,820	9,386,147	23,488,159	6,980,354	30,468,513

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	Note	2015 QR'000	2014 QR'000
OPERATING ACTIVITIES			
Profit before income taxes		**2,624,949**	3,080,458
Profit from discontinued operation		**-**	46,725
Adjustments for:			
Depreciation and amortisation		**7,945,360**	7,633,592
Dividend income	9	**(24,545)**	(60,567)
Impairment loss of goodwill and other assets	13(ii)	**333,086**	25,963
Gain on disposal of available-for-sale investments	9	**(430,487)**	(703,182)
Gain on disposal of an investment in associate		**(228,074)**	-
Gain on disposal of property, plant and equipment		**(54,995)**	(18,641)
Gain on disposal of a subsidiary	40	**-**	(46,438)
Net finance costs		**2,016,798**	2,031,837
Provision for employees' benefits		**191,380**	276,458
Provision against doubtful debts		**176,264**	181,451
Share of results in associates and joint venture – net of tax	15	**(14,677)**	(89,098)
Operating profit before working capital changes		**12,535,059**	12,358,558
Working capital changes in:			
Inventories		**(30,399)**	(129,359)
Trade and other receivables		**(420,814)**	(1,021,973)
Trade and other payables		**601,740**	2,612,161
Cash from operations		**12,685,586**	13,819,387
Finance costs paid		**(2,207,701)**	(2,184,491)
Employees' benefits paid	26	**(155,859)**	(183,100)
Income taxes paid		**(435,460)**	(698,028)
Net cash from operating activities		**9,886,566**	10,753,768
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	12	**(8,536,918)**	(8,391,008)
Acquisition of intangible assets		**(1,796,600)**	(2,346,751)
Acquisition of available-for-sale investments		**-**	(21,432)
Investment in an associate		**(19,020)**	(59,688)
Investment in a joint venture		**(301,685)**	(232,593)
Proceeds from disposal of property, plant and equipment		**300,833**	120,495
Proceeds from disposal of available-for-sale investments		**819,976**	1,303,201
Proceeds from disposal of an investment in associate		**536,646**	-
Proceeds from disposal of a subsidiary	40	**-**	(77,881)
Movement in restricted deposits		**1,851**	178,450
Movement in other non-current assets		**88,857**	(66,542)
Dividend received		**152,362**	182,654
Interest received		**243,381**	244,401
Net cash used in investing activities		**(8,510,317)**	(9,166,694)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
Year ended 31 December 2015

	Note	***2015 QR'000***	*2014 QR'000*
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**10,047,874**	8,938,909
Repayment of loans and borrowings		**(9,518,936)**	(11,267,384)
Additions to deferred financing costs	25	**(38,978)**	(29,165)
Dividend paid to shareholders of the parent		**(1,281,280)**	(1,281,280)
Dividend paid to non-controlling interests		**(225,393)**	(665,218)
Movement in other non-current liabilities		**(326,639)**	(282,885)
Net cash used in financing activities		**(1,343,352)**	(4,587,023)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**32,897**	(2,999,949)
Effect of exchange rate fluctuations		**689,708**	111,593
Cash and cash equivalents at 1 January		**17,315,463**	20,203,819
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	**18,038,068**	17,315,463

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

1 REPORTING ENTITY

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

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

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

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

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

2 BASIS OF PREPARATION

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

The consolidated financial statements of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 01 March 2016.

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 34.

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 36.

3 SIGNIFICANT ACCOUNTING POLICIES

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

Certain comparative amounts in the consolidated financial statements have been reclassified to conform with the current year's presentation (see note 41).

3.1 BASIS OF CONSOLIDATION

a) Business combinations

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

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

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

b) Non-controlling interests ("NCI")

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

c) Subsidiaries

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

d) Loss of control

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

e) Interests in associates and joint venture

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

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

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

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

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

f) Transactions eliminated on consolidation

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 1 BASIS OF CONSOLIDATION (CONTINUED)

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*	
		2015	*2014*
Ooredoo Investment Holding S.P.C. (formerly known as “Qtel Investment Holdings S.P.C.”)	Bahrain	**100%**	100%
Qtel International Investments L.L.C.	Qatar	**100%**	100%
Ooredoo Group L.L.C.	Qatar	**100%**	100%
Ooredoo South East Asia Holding S.P.C (formerly known as “Qtel South East Asia Holding S.P.C.”)	Bahrain	**100%**	100%
West Bay Holding S.P.C (formerly known as “Qtel West Bay Holding S.P.C.”)	Bahrain	**100%**	100%
Ooredoo Asian Investments Pte. Ltd.	Singapore	**100%**	100%
Al Dafna Holding S.P.C (formerly known as “Qtel Al Dafna Holding S,P.C”)	Bahrain	**100%**	100%
Al Khor Holding S.P.C (formerly known as “Qtel Al Khor Holding S.P.C)	Bahrain	**100%**	100%
IP Holdings Limited	Cayman Islands	**100%**	100%
Ooredoo Myanmar Tower Holding Co.	Cayman Islands	**100%**	100%
wi-tribe Asia Limited	Cayman Islands	**100%**	100%
Ooredoo Asia Pte. Ltd.	Singapore	**100%**	100%
Indonesia Communications Limited	Mauritius	**100%**	100%
Ooredoo International Finance Limited	Bermuda	**100%**	100%
Qtel MENA Investcom S.P.C	Bahrain	**100%**	100%
Omani Qatari Telecommunications Company S.A.O.G. (“Ooredoo Oman”)	Oman	**55.0%**	55.0%
Starlink W.L.L.	Qatar	**72.5%**	72.5%
National Mobile Telecommunications Company K.S.C. (“ Ooredoo Kuwait”)	Kuwait	**92.1%**	92.1%
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 Pvt. Ltd.	Maldives	**59.9%**	59.9%
Wataniya Telecom Algerie S.P.A. (”Ooredoo Algeria”)	Algeria	**74.4%**	74.4%
Ooredoo Consortium Ltd. (formerly known as “Carthage Consortium Ltd.”)	Malta	**92.1%**	92.1%
Ooredoo Tunisia Holdings Ltd. (formerly known as “Qtel Tunisia Holding Company Ltd.”)	Malta	**92.1%**	92.1%
Ooredoo Malta Holdings Ltd. (formerly known as “Qtel Malta Holding Company Ltd.”)	Malta	**100.0%**	100.0%
Ooredoo Tunisie S.A.	Tunisia	**84.1%**	84.1%
Tunisia Network S.A.	Tunisia	**-**	84.1%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company (“Wataniya Palestine”) (i)	Palestine	**44.6%**	44.6%
Raywood Inc.	Cayman Islands	**100.0%**	100.0%
Newood Inc.	Cayman Islands	**100.0%**	100.0%
Midya Telecom Company Limited (“Fanoos”) (ii)	Iraq	**49.0%**	49.0%
Al-Rowad General Services Limited	Iraq	**100.0%**	100.0%
Asiacell Communications PJSC	Iraq	**64.1%**	64.1%
wi-tribe Limited	Cayman Islands	**86.1%**	86.1%
wi-tribe Pakistan Limited	Pakistan	**86.1%**	86.1%

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 1 BASIS OF CONSOLIDATION (CONTINUED)

Name of subsidiary	*Country of incorporation*	*Group effective shareholding percentage*	
		31 Dec 2015	*31Dec 2014*
Barzan Holding S.P.C. (formerly known as "Barzan Holding Company S.P.C.")	Bahrain	**100%**	100%
Laffan Holding S.P.C. (formerly known as "Laffan Holding Company S.P.C.")	Bahrain	**100%**	100%
Zekreet Holding S.P.C. (formerly known as "Zekreet Holding Company S.P.C.")	Bahrain	**100%**	100%
Ideabox Investment Pte. Ltd.	Singapore	**100%**	100%
Ideabox Holding Pte. Ltd.	Singapore	**100%**	100%
Ooredoo Myanmar Ltd.	Myanmar	**100%**	100%
Al Wokaer Holding S.P.C.	Bahrain	**100%**	100%
Al Wakrah Holding S.P.C.	Bahrain	**100%**	100%
Ooredoo Tamweel Ltd.	Cayman Islands	**100%**	100%
Ooredoo IP L.L.C.	Qatar	**100%**	100%
Ooredoo Global Services FZ-L.L.C	United Arab Emirates	**100%**	100%
Seyoula International Investments S.P.C	Qatar	**100%**	100%
Ooredoo Innovate FZ – L.L.C	United Arab Emirates	**100%**	-
Duqm Data Centre SAOC (iii)	Oman	**28.1%**	-
Guney Telekomunikayson A.S.	Turkey	**92.1%**	92.1%
PT. Indosat Tbk ("Indosat Ooredoo")	Indonesia	**65.0%**	65.0%
Indosat Singapore Pte. Ltd.	Singapore	**65.0%**	65.0%
PT Indosat Mega Media	Indonesia	**64.9%**	64.9%
PT Starone Mitra Telekomunikasi	Indonesia	**64.8%**	54.7%
PT Aplikanusa Lintasarta (iv)	Indonesia	**47.0%**	47.0%
PT Artajasa Pembayaran Elektronis (iv)	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 (iv)	Indonesia	**32.9%**	32.9%
PT Interactive Vision Media	Indonesia	**64.9%**	64.9%
PT Portal Bursa Digital (iv)	Indonesia	**40.3%**	-

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

(ii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 100% (2014: 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 Omani Qatari Telecommunications Company S.A.O.G. ("Ooredoo Oman") by virtue of Ooredoo Oman having more than 51% of the voting interest or control in this company, to which exposes the Group to variable return from its investment and gives ability to affect those returns through its power over them, hence, this company has been considered as a subsidiary of the Group.

(iv) The Group has the power, indirectly through PT Indosat Tbk ("Indosat Ooredoo") by virtue of Indosat Ooredoo 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 2015. The following standards, amendments and interpretations, which became effective 1 January 2015, are relevant to the Group:

a) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

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

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

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

The following are the key amendments in brief:

- The amendments to IFRS 2 changes the definitions of “vesting condition” and “market condition” ; and add definitions for “performance condition” and “service condition” which were previously included in the definition of vesting condition.

- The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit or loss. IAS 37 Provisions, Contingent Liabilities and Contingent Assets is amended to exclude provisions related to contingent consideration. IFRS 3 is also not applicable to the accounting for the formation of all types of joint arrangements in IFRS 11 Joint Arrangements (including joint operations) in the financial statements of joint arrangements themselves.

IFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include:

• a brief description of the operating segments that have been aggregated; and

• the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics.

In addition, this amendment clarifies that a reconciliation of the total of the reportable segments assets to the entity’s assets is required only if this information is regularly provided to the entity’s chief operating decision maker.

The IASB has clarified that, in issuing IFRS 13 and making consequential amendments to IAS 39 and IFRS 9, it did not prevent entities from measuring short term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is not material. IFRS 13 has also been amended to clarify that portfolio exception applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

b) Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards (continued)

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of IAS 24.

- IAS 40 has been amended to clarify that an entity should:

- assess whether an acquired property is an investment property under IAS 40; and
- perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- Entities will still need to use judgement to determine whether the acquisition of an investment property is an acquisition of a business under IFRS 3.

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

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

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

New standards, amendments and interpretations issued but not yet effective
A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

b) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

This will have major impact on revenue and results. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

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

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

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

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

d) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

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

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

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

e) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment dependson whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

f) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (continued)

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

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

g) Annual Improvements to IFRSs 2012–2014 Cycle – various standards.

The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application.

The following are the key amendments in brief:

- IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such
- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
- IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

h) Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.
- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.
- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

The amendments to IFRS 10 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

i) Disclosure Initiative (Amendments to IAS 1).

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, however, these amendments will not result in material change in presentation of these consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (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.

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)

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.
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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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.

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.

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)
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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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 the reporting 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(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 34.

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

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

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

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

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

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency

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

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

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

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

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

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

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

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

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 amortisation, if no impairment loss had been recognised.

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

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 REVENUE

	2015 QR'000	*2014 QR'000*
Revenue from rendering of telecommunication services	**30,956,989**	31,947,438
Sale of telecommunications equipment	**965,383**	1,005,439
Revenue from use of assets by others	**238,483**	254,332
	32,160,855	33,207,209

5 OPERATING EXPENSES

	2015 QR'000	*2014 QR'000*
Outpayments and interconnect charges	**2,746,000**	3,360,152
Regulatory and related fees	**2,299,825**	2,442,612
Rentals and utilities – network	**1,648,242**	1,568,247
Network operation and maintenance	**2,045,235**	1,775,186
Cost of equipment sold and other services	**2,656,292**	2,891,943
Provision for obsolete and slow moving inventories	**4,774**	4,879
	11,400,368	12,043,019

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2015 *QR'000*	*2014* *QR'000*
Employee salaries and associated costs	**3,606,641**	3,719,530
Marketing costs and sponsorship	**1,325,148**	1,541,428
Commission on cards	**1,064,030**	1,174,715
Legal and professional fees	**324,271**	363,825
Rental and utilities	**322,049**	369,940
Allowance for impairment of trade receivables	**176,264**	181,451
Repairs and maintenance	**89,163**	78,070
Other expenses	**849,269**	876,449
	7,756,835	8,305,408

7 DEPRECIATION AND AMORTISATION

	2015 *QR'000*	*2014* *QR'000*
Depreciation of property, plant and equipment and investment property	**6,135,373**	6,033,066
Amortisation of intangible assets	**1,809,987**	1,593,243
	7,945,360	7,626,309

8 NET FINANCE COSTS

	2015 *QR'000*	*2014* *QR'000*
Finance cost		
Interest expenses	**1,982,611**	1,992,659
Profit element of islamic financing obligation	**170,487**	179,265
Amortisation of deferred financing costs (note 25)	**99,539**	99,069
Other finance charges	**7,542**	5,252
	2,260,179	2,276,245
Finance income		
Interest income	**(243,381)**	(244,401)
Net finance costs	**2,016,798**	2,031,844

9 OTHER INCOME – NET

	Note	*2015* *QR'000*	*2014* *QR'000*
Foreign currency losses – net		**(514,186)**	(235,812)
Gain on disposal of investments	(i)	**658,561**	703,182
Gain on disposal of property, plant and equipment		**54,995**	18,641
Dividend income		**24,545**	60,567
Rental income		**27,332**	28,215
Change in fair value of derivatives – net		**(64,160)**	(36,401)
Miscellaneous income / (expense) – net	(ii)	**123,355**	(328,864)
		310,442	209,528

9 OTHER INCOME – NET (CONTINUED)

i. Gain on disposal of investments include a profit of QR 228,074 thousand recognized on the disposal in the Company's entire stake in one of the associates, Liberty Telecommunications Holdings Inc. (LTHI) (refer note 15)

In 2014, one of the Group's subsidiaries, Indosat Ooredoo, sold its investment in shares of Tower Bersama at a consideration of Rp 5,800 per share for 239.83 million shares resulting in a profit of QR 131,800 thousand.

ii. In 2014, miscellaneous income / (expense) – net included an amount of QR 397,709 thousand towards the provision on account of litigation relating to cooperation agreement between Indosat Ooredoo and IM2 to provide 3G based broadband internet services using spectrum license to Indosat Ooredoo (Note 32(a)).

10 ROYALTIES AND FEES

	Note	***2015 QR'000***	*2014 QR'000*
Royalty	(i)	**168,378**	174,960
Industry fees	(ii)	**225,940**	191,337
Other statutory fees	(iii)	**14,260**	26,537
		408,578	392,834

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.

11 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	2015	*2014*
Profit for the year attributable to shareholders of the parent (QR'000)	**2,118,278**	2,134,334
Weighted average number of shares (in '000)	**320,320**	320,320
Basic and diluted earnings per share (QR)	**6.61**	6.66

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings QR'000	*Exchange and networks assets QR'000*	*Subscriber apparatus and other equipment QR'000*	*Capital work in progress QR'000*	*Total QR'000*
Cost					
At 1 January 2014	6,867,071	45,627,169	5,043,943	5,804,962	63,343,145
Additions	226,902	2,765,486	514,369	4,884,251	8,391,008
Transfers	1,057,630	5,774,163	496,764	(7,328,557)	-
Disposals	(26,539)	(425,559)	(164,063)	(144)	(616,305)
Reclassification	-	-	-	(25,231)	(25,231)
Exchange adjustment	(136,469)	(1,315,410)	(118,002)	(251,604)	(1,821,485)
At 31 December 2014	7,988,595	52,425,849	5,773,011	3,083,677	69,271,132
Additions	539,927	2,557,103	626,311	4,813,577	8,536,918
Transfers	299,977	3,503,845	416,506	(4,220,328)	-
Disposals	(34,764)	(1,322,380)	(87,030)	(8)	(1,444,182)
Reclassification	-	(9,833)	9,992	(9,807)	(9,648)
Exchange adjustment	(593,545)	(3,826,009)	(235,991)	(255,240)	(4,910,785)
At 31 December 2015	**8,200,190**	**53,328,575**	**6,502,799**	**3,411,871**	**71,443,435**
Accumulated depreciation					
At 1 January 2014	2,868,062	24,360,430	3,798,821	-	31,027,313
Provided during the year	512,764	4,960,512	554,539	-	6,027,815
Impairment during the year	-	23,307	-	-	23,307
Disposals	(18,523)	(367,663)	(93,262)	-	(479,448)
Reclassification	(10)	(9,162)	9,284	-	112
Exchange adjustment	(83,372)	(837,170)	(98,014)	-	(1,018,556)
At 31 December 2014	3,278,921	28,130,254	4,171,368	-	35,580,543
Provided during the year	511,040	5,010,734	608,348	-	6,130,122
Disposals	(29,688)	(1,082,502)	(86,523)	-	(1,198,713)
Reclassification	443	70,723	(71,177)	-	(11)
Exchange adjustment	(298,665)	(2,292,045)	(223,204)	-	(2,813,914)
At 31 December 2015	**3,462,051**	**29,837,164**	**4,398,812**	**-**	**37,698,027**
Carrying value					
At 31 December 2015	**4,738,139**	**23,491,411**	**2,103,987**	**3,411,871**	**33,745,408**
At 31 December 2014	4,709,674	24,295,595	1,601,643	3,083,677	33,690,589

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 Ooredoo.

ii) *Uncertainty in Iraq*

One of the Group's subsidiaries, Asiacell which operates in Iraq, due to the current security situation of certain locations in Iraq, Asiacell may be unable to effectively exercise control over some of its property and equipment in certain locations, with a net book value of QR 200,283 thousand as at 31 December 2015. Based on an assessment performed by Asiacell, an insignificant amount of damage has occurred which has been provided for.

iii) In 2015, one of the Group's subsidiaries, Asiacell reached a settlement agreement with one of the banks in Iraq to receive properties in certain locations in Iraq in lieu of a portion of available balance in the name of Asiacell at that bank. So far, Asiacell has received properties worth of QR 440,600 thousand under this arrangement, which is based on an independent fair valuation.

Asiacell is currently in the process of transferring legal title of these properties in its name, which is expected to be transferred in the foreseeable future.

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

13 INTANGIBLE ASSETS AND GOODWILL

	Goodwill QR'000	*License costs QR'000*	*Customer contracts and related customer relationship QR'000*	*Brand/ Trade names QR'000*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Cost						
At 1 January 2014	11,493,503	24,494,513	756,007	2,995,497	2,406,874	42,146,394
Additions	-	4,795,888	-	-	228,276	5,024,164
Disposals	-	-	-	-	(2,229)	(2,229)
Reclassification	-	-	-	-	25,231	25,231
Exchange adjustment	(638,014)	(996,056)	(28,678)	(118,525)	(82,388)	(1,863,661)
At 31 December 2014	10,855,489	28,294,345	727,329	2,876,972	2,575,764	45,329,899
Additions	-	93,303	-	-	224,848	318,151
Disposals	-	-	-	-	(1,814)	(1,814)
Reclassification	-	-	-	-	9,648	9,648
Exchange adjustment	(774,266)	(1,047,522)	(69,306)	(224,285)	(133,917)	(2,249,296)
At 31 December 2015	**10,081,223**	**27,340,126**	**658,023**	**2,652,687**	**2,674,529**	**43,406,588**

13 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*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Accumulated amortisation and impairment losses						
At 1 January 2014	325,285	6,926,012	735,590	1,267,544	1,418,194	10,672,625
Amortisation during the year	-	1,189,497	17,961	125,714	260,071	1,593,243
Impairment during the year	-	-	-	-	1,310	1,310
Disposals	-	-	-	-	(2,176)	(2,176)
Reclassification	-	-	-	-	(112)	(112)
Exchange adjustment	(5,488)	(280,704)	(28,923)	(83,223)	(60,861)	(459,199)
At 31 December 2014	319,797	7,834,805	724,628	1,310,035	1,616,426	11,805,691
Amortisation during the year	-	1,414,761	2,701	138,067	254,458	1,809,987
Impairment during the year	332,235	-	-	-	-	332,235
Disposals	-	-	-	-	(1,445)	(1,445)
Reclassification	-	-	-	-	11	11
Exchange adjustment	(31,228)	(393,958)	(69,306)	(83,516)	(101,789)	(679,797)
At 31 December 2015	620,804	8,855,608	658,023	1,364,586	1,767,661	13,266,682
Carrying value						
At 31 December 2015	**9,460,419**	**18,484,518**	**-**	**1,288,101**	**906,868**	**30,139,906**
At 31 December 2014	10,535,692	20,459,540	2,701	1,566,937	959,338	33,524,208

13 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

i. Impairment testing of goodwill

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

Cash generating units	***Carrying value 2015 QR'000***	*Carrying value 2014 QR'000*
Ooredoo, Kuwait	**563,549**	583,589
Ooredoo, Algeria	**2,122,023**	2,197,483
Ooredoo Tunisie	**3,209,869**	3,721,008
Indosat Ooredoo	**3,160,103**	3,522,496
Asiacell, Iraq	**353,408**	353,408
Others	**51,467**	157,708
	9,460,419	10,535,692

Goodwill was tested for impairment as at 31 December 2015. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by the management covering a period of ten years.

Key Assumptions used in value in use calculations

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

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

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

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

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

13 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

i. Impairment testing of goodwill (continued)

Key Assumptions used in value in use calculations (continued)

	(Expressed in percentage)			
Cash generating units	***Discount rate***		***Terminal value growth rate***	
	2015	*2014*	***2015***	*2014*
Ooredoo, Kuwait	**9.4%**	9.0%	**2.75%**	2.75%
Ooredoo, Algeria	**11.2%**	10.5%	**2.75%**	2.75%
Ooredoo Tunisie	**10.8%**	11.1%	**2.75%**	2.75%
Indosat Ooredoo	**11.7%**	11.6%	**2.75%**	2.75%
Asiacell, Iraq	**16.4%**	16.4%	**2.75%**	2.75%
Ooredoo Myanmar	**16.1%**	15.8%	**4.00%**	2.75%

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

	2015	*2014*
Ooredoo, Kuwait	**0.7%**	0.9%
Ooredoo, Algeria	**7.0%**	9.3%
Indosat Ooredoo	**3.8%**	2.3%
Asiacell, Iraq	**4.8%**	14.2%
Ooredoo Myanmar	**1.2%**	4.7%

ii. Impairment loss of goodwill and other assets

	Note	***2015 QR'000***	*2014 QR'000*
Impairment loss of goodwill	(a), (b)	**332,235**	-
Impairment loss of other assets		**851**	25,963
		333,086	25,963

(a) In the case of Ooredoo Tunisie ("the CGU"), Revenue and margins have declined in recent years leading to the recoverable amount of the investment being more sensitive to an impairment loss. The CGU is witnessing competitive challenges and instability in the economic and political environment of the country. The estimated recoverable amount based on value-in-use calculations were subjected to sensitivities for certain key assumptions due to the historical underperformance against budgets. A reasonably possible change in two key assumptions i.e. Budgeted Revenue growth and budgeted EBITDA margin could cause the carrying amount to exceed the estimated recoverable amount.

Based on the above sensitivities, an impairment of QR 227,360 thousand is recorded in these consolidated financial statements. This impairment loss has been fully allocated to goodwill.

Any further adverse movements in the key assumptions would lead to additional impairment as summarised below:

	%Movement	***2015 QR'000***	*2014 QR'000*
Budgeted revenue growth	**-0.5%**	**(33,367)**	-
Budgeted EBITDA margins	**-0.5%**	**(72,727)**	-

13 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

ii. Impairment loss of goodwill and other assets (continued)

(b) Revenue in one of the subsidiaries, Midya Telecom Company Limited ("Fanoos") is lower compared to historical performance due to security situation in Iraq. This has caused carrying amount of goodwill to exceed the estimated recoverable amount of the business based on value-in-use calculations. Hence, an impairment of QR 104,875 thousand is recorded in these consolidated financial statements. This impairment loss has been fully allocated to goodwill.

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

14 INVESTMENT PROPERTY

	2015 QR'000	*2014 QR'000*
Cost		
At 1 January	**105,018**	105,018
At 31 December	**105,018**	105,018
Accumulated depreciation		
At 1 January	**49,906**	44,655
Provided during the year	**5,251**	5,251
At 31 December	**55,157**	49,906
Carrying value		
At 31 December	**49,861**	55,112

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 thousand (2014: QR 63,000 thousand) which approximates the carrying amount as at 31 December 2015.

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

The Group has the following investment in associates and joint venture

Associate/Joint Venture companies	***Principal activity***	***Country of incorporation***	***Effective ownership 2015***	***2014***
Navlink, Inc., a Delaware Corporation	*Managed Service Provider delivering technology solutions in the enterprise data market*	*United States of America*	***38%***	*38%*
Asia Mobile Holdings Pte Ltd (“AMH”)	*Holding company*	*Singapore*	***25%***	*25%*
PT Multi Media Asia Indonesia	*Satellite based telecommunication services*	*Indonesia*	***17%***	*17%*
Liberty Telecoms Holdings Inc. (“LTHI”)	*Telecommunication services*	*Philippines*	***-***	*40%*
MEEZA QSTP LLC	*Information technology services*	*Qatar*	***20%***	*20%*
PT Citra Bakti, Indonesia	*Product certification and testing*	*Indonesia*	***9%***	*9%*
Titan Bull Holdings Limited	*Holding Company*	*Cayman Islands*	***20%***	*20%*
Asia Internet Holding S.a r.l.,	*Holding Company*	*Luxembourg*	***50%***	*50%*
Sadeem Telecom	*Telecommunication Services and Investment*	Qatar	**50%**	50%

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

	2015 QR’000	*2014 QR’000*
Group’s share of associates’ and joint venture’s statement of financial position:		
Current assets	**940,942**	1,131,532
Non-current assets	**2,476,159**	2,876,017
Current liabilities	**(811,208)**	(1,032,442)
Non-current liabilities	**(1,577,696)**	(1,730,186)
Net assets	**1,028,197**	1,244,921
Goodwill	**1,268,224**	1,359,446
Carrying amount of the investment	**2,296,421**	2,604,367
Group’s share of associates’ and joint ventures’ revenues and results:		
Revenues	**1,777,758**	1,865,805
Share of results – net of tax	**14,677**	89,098

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

On 16 July 2015, the Group announced the sale of its entire stake in Liberty Telecommunications Holdings, Inc (“LTHI”) to Vega, Inc., a subsidiary of San Miguel Corporation (“San Miguel”) and a major stockholder of Liberty which was classified as a non-current asset held for sale as at 30 June 2015.

Subsequently, on 02 September 2015, the disposal of LTHI was completed. After adjusting certain loans and advances earlier due from LTHI and taking into account the net assets on the date of its classification to non-current asset held for sale, a net gain of QR 228,074 thousand was recognised on disposal of LTHI.

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

During the year, the Company invested a sum of QR 301,685 thousand (2014: QR 232,593 thousand) in Asia Internet Holding (AIH), a joint venture with Rocket Internet to fund new ventures in the e-commerce sector. The Group is also committed to invest further QR 216,452 thousand in the future and the same is considered as contingent consideration and recorded as part of investment costs. The share of net assets from the joint venture after this investment have been included in the consolidated financial statements. Included within the carrying amount is goodwill amounting to QR 215,867 thousand.

16 AVAILABLE-FOR-SALE INVESTMENTS

	2015 QR'000	*2014 QR'000*
Quoted equity investments	**17,846**	13,278
Unquoted equity investments	**724,791**	658,172
Investments in funds	**4,559**	955,696
	747,196	1,627,146

At 31 December 2015, certain unquoted equity investments amounting to QR 35,504 thousand (2014: QR 36,867 thousand) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

During the year, the Group has recorded an impairment loss of QR 851 thousand (2014: QR 1,346 thousand) 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.

17 OTHER NON-CURRENT ASSETS

	2015 QR'000	*2014 QR'000*
Prepaid rentals	**265,821**	263,000
Other long term receivables	**290,507**	398,440
Others	**108,787**	89,186
	665,115	750,626

18 INCOME TAX

Income tax represents amounts recognised by subsidiary companies. The major components of income tax expense for the years 2015 and 2014 are:

	2015 QR'000	*2014 QR'000*
Current income tax		
Current income tax charge	**339,197**	541,291
Adjustments in respect of previous years' income tax	**219,419**	165,659
Deferred income tax		
Relating to origination and reversal of temporary differences	**(227,150)**	(108,154)
Income tax included in the consolidated statement of profit or loss	**331,466**	598,796

18 INCOME TAX (CONTINUED)

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% (2014: 10% to 35%). For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense allowed in accordance with respective tax laws of subsidiaries.
The adjustments are based on the current understanding of the existing laws, regulations and practices of each subsidiaries jurisdiction. In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits together with the details of the effective tax rates. As a result, the reconciliation includes only the identifiable major reconciling items. The tax reconciliation is presented as follows:

	2015 QR'000	*2014 QR'000*
Profit before tax	**2,624,949**	3,080,458
Profit of parent and subsidiaries not subject to corporate income tax	**(1,715,864)**	(1,766,354)
Profit of parent and subsidiaries subject to corporate income tax	**909,085**	1,314,104
Add/(Less):		
Allowances, accruals and other temporary differences	**277,767**	543,091
Expenses and income that are not subject to corporate tax	**588,874**	686,757
Depreciation – net of accounting and tax	**445,286**	269,701
Unutilised tax losses brought forward	**(54,437)**	-
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**2,166,575**	2,813,653
Income tax charge at the effective income tax rate of 16% (2014: 19%)	**339,197**	541,291

	Consolidated statement of financial position		***Consolidated statement of profit or loss***	
	2015 QR'000	*2014 QR'000*	***2015 QR'000***	*2014 QR'000*
Accelerated depreciation for tax purposes	**(105,229)**	(346,243)	**225,258**	48,039
Losses available to offset against future taxable income	**44,478**	50,592	**(1,313)**	(6,452)
Allowances, accruals and other temporary differences	**63,750**	90,022	**(21,842)**	38,307
Deferred tax origination on purchase price allocation	**(415,391)**	(489,981)	**25,047**	28,260
Deferred tax liability / deferred tax expense (income) - net	**(412,392)**	(695,610)	**227,150**	108,154

Reflected in the consolidated statement of financial position as follows:

	2015 QR'000	*2014 QR'000*
Deferred tax asset	**54,561**	59,884
Deferred tax liability	**(466,953)**	(755,494)
	(412,392)	(695,610)

18 INCOME TAX (CONTINUED)

Movement of deferred tax liability – net

	2015	*2014*
	QR'000	*QR'000*
At 1 January	**695,610**	828,513
Tax income during the year	**(227,150)**	(108,154)
Tax on other comprehensive income	**12,909**	(13,131)
Exchange adjustment	**(68,977)**	(11,618)
At 31 December	**412,392**	695,610

Unrecognised deferred tax assets
At 31 December 2015, deferred tax assets of QR 125,597 thousand (2014: QR 139,619 thousand) for temporary differences of QR 380,598 thousand (2014: QR 398,911 thousand) 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.

19 INVENTORIES

	2015	*2014*
	QR'000	*QR'000*
Subscribers' equipment	**348,527**	288,421
Other equipment	**285,679**	337,053
Cables and transmission equipment	**108,005**	83,761
	742,211	709,235
Less: Provision for obsolete and slow moving inventories	**(45,142)**	(42,565)
	697,069	666,670

Inventories consumed are recognised as expense and included under operating expenses, amounting to QR 2,038,028 thousand (2014: QR 2,209,182 thousand).

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

	2015	*2014*
	QR'000	*QR'000*
At 1 January	**42,565**	39,092
Provided during the year	**4,774**	4,879
Amounts written off	**(1,078)**	(865)
Exchange adjustment	**(1,119)**	(541)
At 31 December	**45,142**	42,565

20 TRADE AND OTHER RECEIVABLES

	2015 QR'000	*2014 QR'000*
Trade receivables – net of impairment allowances	**2,733,964**	2,428,184
Other receivables and prepayments	**3,662,538**	3,829,171
Unbilled subscribers revenue	**661,392**	347,237
Amounts due from international carriers - net	**537,451**	905,762
Positive fair value of derivatives contracts	**2,690**	72,080
Net prepaid pension costs	**313**	885
	7,598,348	7,583,319

At 31 December, trade receivables amounting to QR1,068,765 thousand (2014: QR 982,683 thousand) were impaired and fully provided for.

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

	2015 QR'000	*2014 QR'000*
At 1 January	**982,683**	912,443
Charge for the year	**176,264**	181,451
Amounts written off	**(30,757)**	(83,670)
Amounts recovered	**(16,172)**	-
Exchange adjustment	**(43,253)**	(27,541)
At 31 December	**1,068,765**	982,683

At 31 December 2015, 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*
2015	**2,733,964**	**1,039,981**	**402,986**	**246,106**	**167,483**	**877,408**
2014	2,428,184	869,915	347,791	260,745	158,690	791,043

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

21 CASH AND CASH EQUIVALENTS

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

	Note	***2015 QR'000***	*2014 QR'000*
Bank balances and cash	(i),(ii)	**18,158,180**	17,437,426
Less: Restricted deposits		**(120,112)**	(121,963)
Cash and cash equivalents as per consolidated statement of cash flows at 31 December		**18,038,068**	17,315,463

(i) Bank balances and cash equivalents include fixed deposits maturing after three months amounting to QR 6,637,547 thousand (2014: QR 6,311,017 thousand). The Group 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 earn interest on the respective short term deposit rates range from 0.35% to 10.50% (2014 : 0.25% to 11.50%).

22 SHARE CAPITAL

	2015		*2014*	
	No of shares (000)	***QR'000***	*No of shares (000)*	*QR'000*
Authorised				
Ordinary shares of QR 10 each				
At 1 January/31 December	**500,000**	**5,000,000**	500,000	5,000,000
Issued and fully paid up				
Ordinary shares of QR 10 each				
At 1 January/31 December	**320,320**	**3,203,200**	320,320	3,203,200

23 RESERVES

a) Legal reserve
In accordance with Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association, 10% of the profit of the Company for the year should be transferred to the legal reserve until such reserves reach 50% of the issued share capital. During 2008, an amount of QR 5,494,137 thousand, being the net share premium amount arising out of the rights issue was transferred to legal reserve. During 2012, an amount of QR 5,940,145 thousand, being the net share premium amount arising out of the rights issue was transferred to legal reserve.

The reserve is not available for distribution except in the circumstances stipulated in the 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.

23 RESERVES (CONTINUED)

	2015 *QR'000*	*2014* *QR'000*
Fair value reserve of available for sale investments	**434,894**	881,103
Cash flow hedge reserve	**13,290**	11,459
	448,184	892,562

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.

24 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2015 *QR'000*	*2014* *QR'000*
Available-for-sale investments		
Gain arising during the year	**(17,530)**	207,500
Reclassification to profit or loss	**(430,595)**	(687,890)
Transferred to profit or loss on impairment	**-**	1,346
	(448,125)	(479,044)
Cash flow hedges		
Loss arising during the year	**(281)**	(361)
Deferred tax effect	**67**	43
	(214)	(318)
Employee benefit reserve		
Net movement in employee benefit reserve	**51,894**	(54,354)
Deferred tax effect	**(12,976)**	13,088
	38,918	(41,266)
Associates and joint venture		
Share of changes in fair value	**1,922**	1,352
Share of net movement in employment benefit reserve	**(3,854)**	-
	(1,932)	1,352
Translation reserves		
Foreign currency translation differences - foreign operations	**(2,434,158)**	(1,995,070)
Exchange differences transferred to profit or loss	**(6,602)**	8,825
	(2,440,760)	(1,986,245)
Other comprehensive income for the year – net of tax	**(2,852,113)**	(2,505,521)

25 LOANS AND BORROWINGS

Presented in the consolidated statement of financial position as:

	2015	*2014*
	QR'000	*QR'000*
Non-current liabilities		
Secured loan	1,237,855	553,723
Unsecured loan	12,059,359	9,117,465
Islamic Finance	4,803,386	4,745,809
Bonds	18,285,718	21,526,815
Less: Deferred financing cost	**(278,263)**	(302,591)
	36,108,055	35,641,221
Current liabilities		
Secured loan	386,265	191,953
Unsecured loan	2,323,616	2,773,430
Islamic Finance	59,658	1,813,468
Bonds	3,944,785	2,462,528
Less: Deferred financing cost	**(50,537)**	(85,870)
	6,663,787	7,155,509
	42,771,842	42,796,730

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

	2015	*2014*
	QR'000	*QR'000*
At 1 January	**388,461**	456,920
Additions during the year	**38,978**	29,165
Amortised during the year (note 8)	**(99,539)**	(99,069)
Exchange adjustment	**900**	1,445
At 31 December	**328,800**	388,461

25 LOANS AND BORROWINGS (CONTINUED)

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

	Currency	*Nominal Interest / Profit rate*	*Year of maturity*	***2015 QR'000***		*2014 QR'000*
Unsecured	USD	LIBOR + 1.15%	March 2017	**3,641,500**		3,641,500
Islamic Finance	USD	LIBOR + 0.95%	May 2015	**-**		1,813,467
Unsecured	USD	LIBOR + 1.00%	May 2019	**3,641,500**		3,641,500
Unsecured	USD	LIBOR+ 0.88%	May 2020	**1,820,750**		-
Unsecured	USD	LIBOR+ 0.90%	August 2020	**546,225**		-
Bonds	USD	7.88%	June 2019	**2,184,901**		2,184,901
Bonds	USD	3.38%	October 2016	**3,641,501**		3,641,501
Bonds	USD	4.75%	February 2021	**3,641,501**		3,641,501
Bonds	USD	5.00%	October 2025	**2,731,127**		2,731,127
Bonds	USD	3.25%	February 2023	**3,641,501**		3,641,501
Bonds	USD	3.88%	January 2028	**1,820,751**		1,820,751
Bonds	USD	4.50%	January 2043	**1,820,751**		1,820,751
Islamic Finance	USD	3.04%	December 2018	**4,551,877**		4,551,877
Unsecured	USD	LIBOR + 2.00%	February 2017	**79,299**		142,738
Unsecured	USD	LIBOR + 1.80%	January 2018	**426,572**		308,080
Unsecured	TND	TMM Rate + 1.10%	June 2018	**245,480**		375,471
Unsecured	TND	TMM Rate + 1.50%	June 2019	**192,478**		224,427
Unsecured	TND	TMM Rate + 1.10%	June 2020	**32,136**		-
Unsecured	TND	TMM Rate + 0.5%	December 2016	**26,591**		-
Secured	USD	LIBOR + 5.00%	June 2019	**225,318**		259,457
Secured	USD	LIBOR + 5.25%	December 2016	**43,698**		43,698
Unsecured	USD	LIBOR + 5.85%	December 2020	**10,460**		9,986
Secured	USD	LIBOR + 3.00%	August 2015	**-**		3,277
Secured	USD	LIBOR + 5.50%	February 2016	**971**		6,798
Secured	USD	LIBOR + 5.50%	December 2016	**7,283**		14,566
Secured	USD	6.00%	January 2016	**455**		5,917
Secured	USD	LIBOR+2.00%	December 2015	**-**		5,463
Secured	USD	LIBOR + 4.60%	September 2018	**31,560**		-
Secured	USD	6.00%	March 2017	**4,853**		-
Secured	USD	LIBOR + 2.00%	May 2016	**1,821**		-
Unsecured	DZD	5.00%	December 2015	**-**		319,823
Secured	DZD	5.50%	September 2020	**1,308,161**		-
Unsecured	DZD	6.00%	June 2016	**27,200**		-
Unsecured	DZD	4.50%	November 2016	**4,592**		125,506
Unsecured	DZD	4.50%	April 2016	**34,935**		61,258
Unsecured	DZD	4.50%	June 2016	**47,369**		62,744
Unsecured	DZD	5.00%	August 2016	**37,400**		122,810
Unsecured	DZD	4.90%	October 2016	**43,982**		75,009
Unsecured	DZD	4.90%	September 2015	**-**		64,880
Unsecured	DZD	4.50%	June 2016	**20,833**		-
Unsecured	DZD	5.50%	May 2016	**17,782**		-
Unsecured	KWD	CBK discount rate	October 2016	**-**		410,021
Unsecured	KWD	CBK + 1.00%	September 2016			75,792
Unsecured	USD	LIBOR + 1.75%	December 2015	**121,383**		145,661
Unsecured	USD	LIBOR + 1.40%	November 2015	**-**		121,383

25 LOANS AND BORROWINGS (CONTINUED)

	Currency	*Nominal Interest / Profit rate*	*Year of maturity*	*2015 QR'000*	*2014 QR'000*
Unsecured	USD	LIBOR + 2.50%	December 2015	**-**	29,962
Unsecured	USD	LIBOR + 2.95%	September 2019	**139,834**	174,792
Unsecured	USD	5.69% p.a.	September 2019	**227,950**	286,416
Unsecured	USD	USD LIBOR + 0.35% p.a.	September 2019	**64,098**	80,539
Unsecured	USD	USD LIBOR + 1.05% p.a.	May 2017	**362,547**	-
Unsecured	USD	USD LIBOR + 0.90% p.a.	February 2017	**217,528**	-
Unsecured	USD	USD LIBOR+1.20% p.a	December 2016	**181,273**	-
Unsecured	USD	JIBOR +2.45% p.a	December 2016	**65,703**	-
Unsecured	USD	USD LIBOR + 0.90% p.a.	April 2017	**181,273**	-
Unsecured	USD	USD LIBOR + 1.35% p.a.	February 2017	**108,764**	-
Unsecured	IDR	JIBOR + 2.50% p.a payable monthly	February 2016	**262,811**	292,949
Unsecured	IDR	JIBOR + 2.50%	August 2018	**236,529**	-
Bonds	USD	7.38% Payable semi-annually	July 2020	**-**	2,368,784
Unsecured	USD	6 month LIBOR + 1.45%	November 2016	**14,703**	29,559
Unsecured	USD	Facility A: 6 Month LIBOR + 2.87% Facility B: Commercial Interest Reference Rate ("CIRR") + 1.66% Facility C: CIRR+ 1.64% - payable semi-annually.	Facility A: May 2016 Facility B: February 2017 Facility C: November 2017	**208,464**	373,539
Bonds	IDR	Series B 10.65% - payable quarterly	Series B: May 2017	**360,050**	401,340
Bonds (Series A) and Unsecured (Series B)	IDR	Series A 10.25% and Series B 10.80% - payable quarterly	April 2015	**-**	93,744
Bonds	IDR	Series B 11.75% – payable quarterly	Series B: December 2016	**157,686**	175,769
Islamic Finance	IDR	Series B bonds IDR 20.21 billion	Series B: December 2016	**45,203**	50,387
Bonds	IDR	Fixed rate of 8.63% p.a. payable quarterly	June 2019	**315,372**	351,538
Bonds	IDR	Fixed rate of 8.88% p.a. payable quarterly	June 2022	**394,215**	439,423
Islamic Finance	IDR	Annual Ijarah payment of IDR 25.875 billion	June 2019	**78,843**	87,885
Unsecured	IDR	3 months Jibor + 2.25%	October 2016	**197,108**	219,712
Unsecured	IDR	10% payable quarterly	December 2018	**210,248**	263,654
Unsecured	IDR	3month Jibor +1.25%	December 2016	**144,546**	190,416

25 LOANS AND BORROWINGS (CONTINUED)

	Currency	*Nominal Interest / Profit rate*	*Year of maturity*	*2015 QR'000*	*2014 QR'000*
Unsecured	IDR	Jibor +2.50%	October 2017	**91,984**	102,532
Unsecured	IDR	1 month Jibor +1.50%	October 2016	**65,703**	73,237
Unsecured	IDR	3 months Jibor +2.45%	December 2017	**26,281**	29,295
Unsecured	IDR	1 month Jibor +2.50%	June 2016	**315,372**	175,770
Bonds	IDR	10.00%	December 2017	**249,670**	278,301
Bonds	IDR	10.30%	December 2019	**197,108**	219,713
Bonds	IDR	10.50%	December 2021	**65,703**	73,237
Bonds	IDR	10.70%	December 2024	**94,612**	105,461
Bonds	IDR	10.00%	December 2018	**52,825**	-
Bonds	IDR	10.25%	December 2020	**79,106**	-
Bonds	IDR	10.60%	December 2022	**34,165**	-
Bonds	IDR	11.20%	December 2025	**42,575**	-
Bonds	IDR	8.55%	June 2016	**145,597**	-
Bonds	IDR	9.25%	June 2018	**205,518**	-
Bonds	IDR	10.00%	June 2020	**153,481**	-
Bonds	IDR	10.25%	June 2022	**88,567**	-
Bonds	IDR	10.40%	June 2025	**112,220**	-
Islamic Finance	IDR	10.00%	December 2017	**16,820**	18,750
Islamic Finance	IDR	10.30%	December 2019	**4,205**	4,687
Islamic Finance	IDR	10.50%	December 2021	**28,909**	32,224
Islamic Finance	IDR	10.60%	December 2022	**17,083**	-
Islamic Finance	IDR	11.20%	December 2025	**10,775**	-
Islamic Finance	IDR	8.55%	June 2016	**14,454**	-
Islamic Finance	IDR	9.25%	June 2018	**19,974**	-
Islamic Finance	IDR	10.00%	June 2020	**17,608**	-
Islamic Finance	IDR	10.25%	June 2022	**11,301**	-
Islamic Finance	IDR	10.40%	June 2025	**45,992**	-
Unsecured	IDR	10.50%	November 2017	**-**	4,614
Unsecured	IDR	2.00%	April 2018	**184**	205
Unsecured	IDR	2.00%	August 2018	**92**	102
Unsecured	USD	NIL	On demand	**41,513**	41,513
				43,100,642	43,185,191
Less: Deferred financing costs				**(328,800)**	(388,461)
				42,771,842	42,796,730

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

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

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

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

26 EMPLOYEE BENEFITS

	2015 ***QR'000***	*2014* *QR'000*
Employees' end of service benefits	**409,673**	378,068
Post-retirement health care plan	**139,156**	183,083
Cash settled share based payments	**245,990**	279,751
Defined benefit pension plan/Labour Law No. 13/2003	**88,428**	88,166
Other employee benefits	**11,268**	10,164
Total employee benefits	**894,515**	939,232
Current portion of cash settled share based payments (note 28)	**(82,373)**	(101,774)
Employee benefits – non current	**812,142**	837,458

Movement in the provision for employee benefits are as follows:

	2015 ***QR'000***	*2014* *QR'000*
At 1 January	**939,232**	817,240
Provided during the year	**191,380**	276,458
Paid during the year	**(155,859)**	(183,100)
Other comprehensive income	**(48,548)**	41,194
Exchange adjustment	**(31,690)**	(12,560)
At 31 December	**894,515**	939,232

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

Plan A - Post-retirement healthcare plan

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

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

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

Plan C - Defined Benefit Pension Plan

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

Based on the agreement, a participating employee will receive:

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

Death benefit due to accident equivalent to 200% of insurance money plus cash value when the employee dies due to accident.

26 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.

	2015			2014		
	Plan A	**Plan B**	**Plan C**	Plan A	Plan B	Plan C
Annual discount rate	**9.5%**	**8.5%**	**9.0% - 9.25%**	9.0%	9 and 9.5%	8.0% -8.5%
Ultimate cost trend rate	**6.0%**	**-**	**-**	6.0%	-	-
Next year trend rate	**16.0%**	**-**	**-**	6.0%	-	-
Period to reach ultimate cost trend rate	**10 Year**	**-**	**-**	0 Year	-	-
Increase in compensation	**-**	**7.5%**	**3.0%- 9.0%**	-	7.5 and 8.5%	3.0% - 9.0%
Mortality rate	**-**	**-**	**TMI 2011**	-	-	TMI 2011

Movement in net defined benefit (asset) / liability

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

	2015			2014		
	Plan A ***QR'000***	**Plan B** ***QR'000***	**Plan C** ***QR'000***	Plan A *QR'000*	Plan B *QR'000*	Plan C *QR'000*
At 1 January	**187,648**	**90,075**	**(26,293)**	144,382	73,272	(38,196)
Included in profit or loss						
Interest cost	**15,535**	**7,031**	**(1,963)**	13,896	6,999	(3,323)
Service cost	**5,600**	**8,803**	**7,187**	4,885	7,913	7,719
Curtailment gain	**(3,565)**	**-**	**-**	(3,007)	(649)	259
Immediate recognition of past service cost – vested benefit	**-**	**2,952**	**1,048**	-	1,944	83
Cost of employee transfer	**-**	**-**	**-**	153	(57)	-
	17,570	**18,786**	**6,272**	15,927	16,150	4,738
Included in other comprehensive income						
Other comprehensive income	**(41,431)**	**(7,117)**	**(3,346)**	35,742	5,452	13,160
Other movements						
Contribution	**-**	**-**	**(338)**	-	-	(3,156)
Benefit payment	**(2,383)**	**(1,397)**	**-**	(4,613)	(2,488)	-
Refund	**-**	**-**	**147**	-	-	429
Exchange adjustment	**(19,859)**	**(9,861)**	**(1,564)**	(3,790)	(2,311)	(3,268)
	(22,242)	**(11,258)**	**(1,755)**	(8,403)	(4,799)	(5,995)
At 31 December	**141,545**	**90,486**	**(25,122)**	187,648	90,075	(26,293)
Current portion	**2,389**	**2,058**	**(313)**	4,565	1,909	(885)
Non-current portion	**139,156**	**88,428**	**(24,809)**	183,083	88,166	(25,408)

26 EMPLOYEE BENEFITS (CONTINUED)

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

	2015	2014
Investments in:		
- Shares of stocks and properties	**30.22%**	45.90%
- Mutual fund	**44.58%**	43.92%
- Time deposits	**17.33%**	8.40%
- Debt securities	**7.66%**	1.75%
- Others	**0.21%**	0.03%

27 OTHER NON-CURRENT LIABILITIES

	2015 QR'000	2014 QR'000
Communications and Media Commission ("CMC"), Iraq	**-**	279,485
Ministry of Communication and Technology ('MOCIT'), Indonesia	**74,568**	165,993
Ministry of Telecommunications and Information Technology, Palestine	**197,903**	197,903
Post and Telecommunications Department, Ministry of Information and Technology, Myanmar	**-**	919,479
Site restoration provision	**69,721**	63,938
Finance lease liabilities (note 31)	**906,475**	1,066,404
Deferred gain on finance leases	**206,971**	272,026
Others	**560,695**	692,945
	2,016,333	3,658,173

28 TRADE AND OTHER PAYABLES

	2015 QR'000	2014 QR'000
Trade payables	**4,978,058**	4,451,146
Accrued expenses	**5,788,466**	6,335,568
Interest payable	**400,198**	448,206
Profit payable on islamic financing obligation	**12,416**	11,469
License costs payable	**1,284,734**	1,610,276
Amounts due to international carriers -net	**623,650**	605,046
Negative fair value of derivatives	**138,019**	17,075
Finance lease liabilities (note 31)	**138,590**	126,914
Cash settled share based payments (note 26)	**82,373**	101,774
Other payables	**3,797,045**	3,290,571
	17,243,549	16,998,045

29 DIVIDEND

Dividend paid and proposed

	2015 QR'000	*2014 QR'000*
Declared, accrued and paid during the year Final dividend for 2014, QR 4 per share (2013 : QR 4 per share)	**1,281,280**	1,281,280
Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December) Final dividend for 2015, QR 3 per share (2014 : QR 4 per share)	**960,960**	1,281,280

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

30 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	
	2015 QR'000	*2014 QR'000*
Currency forward contracts	**1,269,225**	1,582,883
Interest rate swaps	**86,534**	259,410
Fair value hedge	**304,633**	304,559
	1,660,392	2,146,852

	Fair values			
	2015		*2014*	
	Positive QR'000	***Negative QR'000***	*Positive QR'000*	*Negative QR'000*
Currency forward contracts	**-**	**72,908**	22,260	1,444
Interest rate swaps	**-**	**4,936**	-	7,909
Fair value hedge	**2,246**	**60,046**	48,354	6,852
	2,246	**137,890**	70,614	16,205

Cash flow hedges
At 31 December 2015, 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.

30 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges (continued)
The table below shows the positive and negative fair values of derivative financial instruments held as cash flow hedges together with the notional amounts:

	Negative fair value *QR'000*	*Positive fair value* *QR'000*	*Notional Amounts* *QR'000*
Interest rate swaps			
31 December 2015	**129**	**444**	**571,961**
31 December 2014	870	1,466	207,811

31 COMMITMENTS

Capital expenditure commitments

	2015 ***QR'000***	*2014* *QR'000*
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**4,366,324**	4,803,664

Operating lease commitments

	2015 ***QR'000***	*2014* *QR'000*
Future minimum lease payments:		
Not later than one year	**418,559**	284,617
Later than one year and not later than five years	**1,690,402**	1,009,745
Later than five years	**2,700,587**	998,799
Total operating lease expenditure contracted for at 31 December	**4,809,548**	2,293,161

Finance lease commitments

	2015 ***QR'000***	*2014* *QR'000*
Amounts under finance leases		
Minimum lease payments		
Not later than one year	**245,988**	254,229
Later than one year and not later than five years	**874,853**	948,486
Later than five years	**319,034**	523,149
	1,439,875	1,725,864
Less: unearned finance income	**(394,810)**	(532,546)
Present value of minimum lease payments	**1,045,065**	1,193,318

	Note	***2015*** ***QR'000***	*2014* *QR'000*
Present value of minimum lease payments			
Current portion	28	**138,590**	126,914
Non-current portion	27	**906,475**	1,066,404
		1,045,065	1,193,318

32 CONTINGENT LIABILITIES

	2015	*2014*
	QR'000	*QR'000*
Letters of guarantees	**874,020**	946,070
Letters of credit	**167,801**	200,041
Claims against the Group not acknowledged as debts	**12,652**	1,647

Litigation and claims
The Group is from time to time a party to various legal actions and claims arising in the ordinary course of its business. The Group does not believe that the resolution of these legal actions and claims will, individually or in the aggregate, have a material adverse effect on its financial condition or results of operations, except as noted below.

(a) Proceedings against PT Indosat Mega Media relating to misuse of radio frequencies
In early 2012, the Attorney General's Office in Jakarta (the "AGO") initiated corruption proceedings against PT Indosat Mega Media ("IM2"), a 99 per cent owned subsidiary of PT Indosat Tbk., a subsidiary of the Group, for unlawful use of a radio frequency band allocation that had been granted to Indosat.

On 8 July 2013, the Indonesia Corruption Court imposed a fine of QR 474 million (USD 130 million) against IM2 in a related case against the former President Director of IM2. Both the former President Director of IM2 and the AGO lodged appeals to the Jakarta High Court. A written decision of the Supreme Court was received in January 2015 which confirmed that the Supreme Court had upheld the former President Director's of IM2 prison sentence of eight years and that the fine against IM2 of approximately USD 130 million had been reinstated.

On March 16, 2015, the former President Director's of IM2 submission of judicial review was officially registered at the Corruption Court. Since the Criminal Case Verdict and the Administrative Case Verdict were contradictory, BPKP (State Audit Bureau) filed on 16 March, 2015 a Judicial Review on the Administrative Case in order to annul the previous Administrative Case Verdict. Due to the BPKP's Judicial Review, on 13 October, 2015 the Supreme Court has issued a verdict (on Administrative Case) which stated that the BPKP audit report held by BPKP is valid.

On the Supreme Court's official website, the Supreme Court on 4 November, 2015 issued a verdict (on Criminal Case) that rejected the Judicial Review submitted by the former President Director of IM2. To date PT Indosat Tbk. has not yet received the official copy of the verdict. PT Indosat Tbk. is preparing a second judicial review for the Criminal Case.

lndosat and IM2 have constituted provisions, and Ooredoo has included a provision in its accounts.

(b) Tax demand notices against Asiacell
As at the reporting date, one of the Group's subsidiaries, Asiacell Communication PJSC ("ACL") was subject to tax demand notice by the General Commission for Taxes, Iraq (the "GCT") for the years 2004 to 2007 for an amount of QR 245.0 million and a further tax demand notice by the GCT for the years 2008, 2009-2010 for an amount of QR 141.0 million and QR 244.0 million respectively relating to corporate income tax.

Asiacell has raised an objection against each of these claims and has paid all the above amounts under protest to comply with the requirements of tax laws in Iraq.

The Group has set up adequate provision against these claims and management is of the view that ACL has strong grounds to challenge each of these claims.

(c) Proceedings against Asiacell relating to regulatory fee
On 10 June 2014, the Communications and Media Commission (CMC) issued a letter notifying the Company that the structure of the Company in relation to ownership of the shares in its capital does not fulfill the License requirements as an Iraqi Company to pay 15% of its gross revenue as a regulatory fee, as per license agreement.

32 CONTINGENT LIABILITIES (CONTINUED)

(c) Proceedings against Asiacell relating to regulatory fee (continued)

Consequently the CMC requested the Company to pay a regulatory fee of 18% of gross revenues instead of 15%. The amount requested by CMC was QR 276 million (USD 76 million) from the period that the CMC is claiming that the Iraqi ownership had changed until the end of first half of 2013. The Company has made an appeal against this claim. On 11 November 2014, the CMC issued a letter notifying the Company that they revised the claim relating to the additional 3% and that the total new amount from June 2012 to 30 June 2014 should be equal to QR 370.7 million (USD 101.8 million). The Company has a full provision against this claim amounting to QR 598.8 million (USD 164.4 million). In January 2016, the Erbil Court of Cassation has issued a final decision in favor of the company.

On 4th February 2016, the CMC sent a letter for restricted use of certain bank accounts of Asiacell , for CMC's benefit. This is against a disputed amount for which the company already has a court decision in their favor.

(d) Proceedings against Asiacell relating to frequency spectrum fee

On 10 September 2014, the Communication and Media Commission (CMC) issued a letter notifying the Company to pay frequency spectrum usage fees of QR 239.1 million (USD 65.5 million) for the period from the date frequencies were allocated to the Company to 31 December 2013. The Company has made an appeal against this claim. The CMC has not provided the method of calculation and the Company is disputing the basis for its calculation.

On 29 January 2015, the appeal panel issued a decision in relation to the objection filed by the Company. The decision was to dismiss the claim issued by the CMC's general manager and to recalculate the frequency spectrum usage fees based on the appeal panel recommendations.

Up to the date of issuance of the Company's financial statements, the new claim amount as per the appeal panel recommendations has not yet been determined. The Company has a total provision for the period from the date frequencies were allocated to the Company to 31 December 2015 of QR 207.0 million (USD 57.0 million), which is sufficient at this current stage.

(e) Deduction disallowed in corporate income tax assessment

On November 20, 2014, Indosat received an assessment letter of tax overpayment ("SKPLB") from the DGT where, the DGT made a correction totaling QR 88 million, which decreased the tax loss carried forward as of December 31, 2012. On February 18, 2015, Indosat submitted an objection letter to the Tax Office regarding the above correction. The tax objection was declined by the Tax Authority, however, Indosat is preparing to file an appeal with the Tax Court.

On December 27, 2013, Indosat received the assessment letter on tax underpayment ("SKPKB") from the DGT for Indosat's 2007 and 2008 corporate income tax amounting to QR 29 million and QR 25.5 million, respectively, which was paid on January 24, 2014. On March 20, 2014, Indosat submitted objection letters to the Tax Office regarding this correction on Indosat's 2007 and 2008 corporate income tax amounting to QR 32.3 million and QR 28.5 million, respectively. The tax objection was declined by the Tax Authority and Indosat has filed an appeal with the Tax Court.

(f) Withholding tax deducted by Indosat at lower rate

On November 20, 2014, Indosat received SKPLBs from the DGT for Indosat's 2012 income tax article 26 amounting to QR 82 million (including penalties). On February 18, 2015, Indosat submitted an objection letters to the Tax Office regarding the correction that was declined by the Tax Authorities. Indosat is preparing to file an appeal with the Tax Court.

33 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 2015, after taking into the effect of interest rate swaps, approximately 66%of the Group's borrowings are at a fixed rate of interest (2014: 71%).

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

	Consolidated statement of profit or loss +25b.p QR'000	*Equity +25 b p QR'000*
At 31 December 2015		
USD LIBOR	**(28,280)**	**1,430**
Others	**(8,151)**	**-**
At 31 December 2014		
USD LIBOR	(25,582)	520
Others	(5,424)	-

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investment in foreign subsidiaries.

The Group had the following significant net exposure denominated in foreign currencies.

	2015	*2014*
	QR'000	*QR'000*
	Assets	*Assets*
	(Liabilities)	*(Liabilities)*
Indonesian Rupiah (IDR)	**6,012,239**	5,545,615
Kuwaiti Dinar (KD)	**9,873,226**	9,144,786
US Dollars (USD)	**(2,512,749)**	(4,210,966)
Euro (EUR)	**(31,273)**	154,395
Great British Pounds (GBP)	**(2,984)**	(7,051)
Tunisian Dinar (TND)	**134,331**	206,364
Algerian Dinar (DZD)	**(2,201,692)**	(2,414,783)
Iraqi Dinar (IQD)	**(896,819)**	(654,213)
Others	**1,838**	(4,342)

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

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*
	2015	*2014*	***2015***	*2014*
	+ 10%	*+10%*	***+ 10%***	*+10%*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Indonesian Rupiah (IDR)	**-**	-	**601,224**	554,562
Kuwaiti Dinar (KD)	**-**	-	**987,323**	914,479
Tunisian Dinar (TND)	**-**	-	**13,433**	20,636
Algerian Dinar (DZD)	**-**	-	**(220,169)**	(241,478)
US Dollars (USD)	**(251,275)**	(421,097)	**-**	-
Euro (EUR)	**(3,127)**	15,440	**-**	-
Great British Pounds (GBP)	**(298)**	(705)	**-**	-
Iraqi Dinar (IQD)	**(89,682)**	(65,421)	**-**	-

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk

The following table demonstrates the sensitivity of the fair value reserve to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Changes in equity indices	*Effect on equity QR'000*
2015		
Qatar Exchange (QE)	**10%**	**483**
Kuwait Stock Exchange (KSE)	**15%**	**569**
Indonesia Stock Exchange (IDX)	**10%**	**922**
2014		
Qatar Exchange (QE)	+10%	921
Kuwait Stock Exchange (KSE)	+15%	611
Indonesia Stock Exchange (IDX)	+10%	-

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.

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:

	2015 QR'000	*2014 QR'000*
Qatar	**1,090,958**	888,126
Other countries	**1,643,006**	1,540,058
	2,733,964	2,428,184

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:

	2015 QR'000	*2014 QR'000*
Bank balances (excluding cash)	**18,054,582**	17,280,460
Positive fair value of derivatives	**2,690**	72,080
Amounts due from international carriers	**537,451**	905,762
Unbilled subscriber revenue	**661,392**	347,237
	19,256,115	18,605,539

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks, 67% of bank balances represents balances maintained with local banks in Qatar with a rating of 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.

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 2015					
Loans and borrowings	**8,573,202**	**7,780,319**	**18,621,429**	**17,460,203**	**52,435,153**
Trade payables	**4,978,058**	**-**	**-**	**-**	**4,978,058**
License costs payable	**1,285,213**	**64,135**	**256,694**	**-**	**1,606,042**
Finance lease liabilities	**245,989**	**244,458**	**874,328**	**75,100**	**1,439,875**
Other financial liabilities	**844,042**	**233,338**	**-**	**-**	**1,077,380**
	15,926,504	**8,322,250**	**19,752,451**	**17,535,303**	**61,536,508**

	Less than 1 year QR'000	*1 to 2 years QR'000*	*2 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
At 31 December 2014					
Loans and borrowings	9,089,483	6,376,517	20,050,643	17,605,064	53,121,707
Trade payables	4,451,146	-	-	-	4,451,146
License costs payable	1,668,689	1,297,057	341,782	-	3,307,528
Finance lease liabilities	254,229	239,095	709,391	523,149	1,725,864
Other financial liabilities	723,895	241,915	-	-	965,810
	16,187,442	8,154,584	21,101,816	18,128,213	63,572,055

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 2015 and 31 December 2014.

Capital includes share capital, legal reserve, other statutory reserves and retained earnings and is measured at QR 26,888,102 thousand at 31 December 2015 (2014: QR 26,081,449 thousand).

34 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*	
	2015	*2014*	***2015***	*2014*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Financial assets				
Available-for-sale investments	**747,196**	1,627,146	**747,196**	1,627,146
Trade and other receivables	**3,935,497**	3,753,263	**3,935,497**	3,753,263
Bank balances and cash	**18,158,180**	17,437,426	**18,158,180**	17,437,426
Financial liabilities				
Loans and borrowings	**43,100,642**	43,185,191	**41,079,267**	40,926,677
Other non-current liabilities	**272,471**	1,562,860	**272,471**	1,562,860
Finance lease liabilities	**1,045,065**	1,193,318	**1,045,065**	1,193,318
Trade and other payables	**11,316,493**	10,535,563	**11,316,493**	10,535,563
Income tax payable	**693,200**	570,044	**693,200**	570,044

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.

34 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

	2015 ***QR'000***	***Level 1*** ***QR'000***	***Level 2*** ***QR'000***	***Level 3*** ***QR'000***
Available- for- sale investments	**711,692**	**17,846**	**693,846**	**-**
Derivative financial instruments	**2,690**	**-**	**2,690**	**-**
	714,382	**17,846**	**696,536**	**-**

	2014 *QR'000*	*Level 1* *QR'000*	*Level 2* *QR'000*	*Level 3* *QR'000*
Available- for- sale investments	1,590,279	13,278	1,577,001	-
Derivative financial instruments	72,080	-	72,080	-
	1,662,359	13,278	1,649,081	-

Financial liabilities

	2015 ***QR'000***	***Level 1*** ***QR'000***	***Level 2*** ***QR'000***	***Level 3*** ***QR'000***
Derivative financial instruments	**138,019**	**-**	**138,019**	**-**

	2014 *QR'000*	*Level 1* *QR'000*	*Level 2* *QR'000*	*Level 3* *QR'000*
Derivative financial instruments	17,075	-	17,075	-

35 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 17,560 thousand was proposed for the year ended 31 December 2015 (2014: QR 16,940 thousand). The compensation and benefits related to key management personnel amounted to QR 291,398 thousand (2014: QR 280,330 thousand) and end of service benefits amounted to QR 20,892 thousand (2014: QR 30,463 thousand). The remuneration to the Board of Directors has been included under the caption "employee salaries and associated costs" in Selling, general and administration expenses in note 6.

36 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Impairment of non-financial assets

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

Useful lives of property, plant and equipment and investment property

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

Useful lives of intangible assets

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

Classification of investment securities

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

Provision and contingent liabilities

The Group's management determines provision on best estimate of the expenditure required to settle the present obligation as a result of the past event at the reporting date.

The Group's management measures contingent liabilities as a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

36 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Classification of associates, joint ventures and subsidiaries
The appropriate classification of certain investments as subsidiaries, associates and joint ventures requires significant analysis and management judgement as to whether the Group exercises control, significant influence or joint control over these investments. This may involve consideration of a number of factors, including ownership and voting rights, the extent of Board representation, contractual arrangements and indicators of de fact control.

Changes to these indicators and management's assessment of the power to control or influence may have a material impact on the classification of such investments and the Group's consolidated financial position, revenue and results.

Impairment of available-for-sale equity investments
The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20-30% or more and 'prolonged' greater than nine (9) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Fair value of unquoted equity investments
Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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.

36 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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

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

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

Revenue recognition – fair value determination for customer loyalty programmes
The Group estimates the fair value of points awarded under 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.

37 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 2015	***Asiacell, Iraq QR'000***	***Ooredoo, Kuwait QR'000***	***Ooredoo, Algeria QR'000***	***Ooredoo, Tunisie QR'000***	***Indosat, Ooredoo QR'000***	***Ooredoo, Oman QR'000***
Non-current assets	**8,464,133**	**10,734,048**	**4,244,570**	**1,963,014**	**12,298,160**	**3,235,559**
Current assets	**2,348,369**	**1,558,054**	**1,122,592**	**465,979**	**2,564,643**	**664,614**
Non-current liabilities	**(585,228)**	**(61,509)**	**(1,034,322)**	**(338,923)**	**(6,119,600)**	**(317,264)**
Current liabilities	**(4,468,487)**	**(1,867,390)**	**(2,478,077)**	**(1,177,144)**	**(5,360,909)**	**(1,543,852)**
Net assets	**5,758,787**	**10,363,203**	**1,854,763**	**912,926**	**3,382,294**	**2,039,057**
Carrying amount of NCI	**2,069,758**	**817,105**	**474,784**	**145,279**	**1,388,357**	**917,576**
Revenue	**4,884,464**	**2,277,367**	**4,023,133**	**1,802,790**	**7,274,024**	**2,475,401**
Profit / (loss)	**159,077**	**212,425**	**244,122**	**146,548**	**(320,004)**	**394,164**
Profit / (loss) allocated to NCI	**57,174**	**16,749**	**62,491**	**23,321**	**(86,214)**	**177,374**

31 December 2014	*Asiacell, Iraq QR'000*	*Ooredoo, Kuwait QR'000*	*Ooredoo, Algeria QR'000*	*Ooredoo, Tunisie QR'000*	*Indosat, Ooredoo QR'000*	*Ooredoo, Oman QR'000*
Non-current assets	8,570,389	12,157,531	5,054,767	2,204,723	13,548,019	3,084,032
Current assets	2,317,868	1,065,655	1,982,408	823,036	2,520,573	571,364
Non-current liabilities	(923,641)	(55,749)	(1,174,067)	(506,563)	(5,631,519)	(347,184)
Current liabilities	(4,364,906)	(2,519,006)	(3,579,409)	(1,432,770)	(6,331,640)	(1,428,648)
Net assets	5,599,710	10,648,431	2,283,699	1,088,426	4,105,433	1,879,564
Carrying amount of NCI	2,012,584	839,594	584,584	173,207	1,635,633	845,804
Revenue	6,297,970	2,145,940	4,623,388	2,288,286	7,394,834	2,231,254
Profit / (loss)	1,031,438	(726,424)	227,864	299,458	(563,694)	329,004
Profit / (loss) allocated to NCI	370,707	(57,276)	58,329	47,654	(171,435)	148,052

38 SEGMENT INFORMATION

Information regarding the Group's reportable segments is set out below in accordance with "IFRS 8 Operating Segments". IFRS 8 requires reportable segments to be identified on the basis of internal reports that are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") and used to allocate resources to the segments and to assess their performance.

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the MENA. Outside of Qatar, the Group operates through its subsidiaries and associates and major operations that are reported to the Group's CODM are considered by the Group to be reportable segment. Revenue is attributed to reportable segments based on the location of the Group companies. Inter-segment sales are charged at arms' length prices.

For management reporting purposes, the Group is organised into business units based on their geographical area covered, and has six reportable segments as follows:

1. *Ooredoo Qatar* is a provider of domestic and international telecommunication services within the State of Qatar;

2. *Asiacell* is a provider of mobile telecommunication services in Iraq;

3. *NMTC* is a provider of mobile telecommunication services in Kuwait and elsewhere in the Middle East and North African (MENA) region;

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

5. *Ooredoo Oman* is a provider of mobile and fixed telecommunication services in Oman; 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.

38 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 2015 and 2014:

Year ended 31 December 2015

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*NMTC QR'000*	*Indosat Ooredoo QR'000*	*Ooredoo Oman QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Revenue								
Third party	7,472,374	4,875,349	8,407,546	7,249,710	2,466,757	1,689,119	-	32,160,855
Inter-segment	425,007	9,115	284,445	24,314	8,644	166,327	(917,852)	-
Total revenue	7,897,381	4,884,464	8,691,991	7,274,024	2,475,401	1,855,446	(917,852)	32,160,855
Results								
Segment profit / (loss) before tax	2,409,885	572,681	1,022,308	(483,621)	531,591	(644,563)	(783,332)	2,624,949
Depreciation and amortisation	783,624	1,412,311	1,717,680	2,499,039	542,532	539,077	451,097	7,945,360
Net finance costs	1,010,380	51,398	148,379	785,273	23,423	(2,055)	-	2,016,798

38 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2014

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*NMTC QR'000*	*Indosat Ooredoo QR'000*	*Ooredoo Oman QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*		*Total QR'000*
Revenue									
Third party	7,087,048	6,288,658	9,504,045	7,367,737	2,223,043	736,678	-		33,207,209
Inter-segment	60,994	9,312	74,163	27,097	8,211	112,373	(292,150)	(i)	-
Total revenue	7,148,042	6,297,970	9,578,208	7,394,834	2,231,254	849,051	(292,150)		33,207,209
Results									
Segment profit / (loss) before tax	2,061,281	1,553,533	1,139,112	(588,516)	443,787	(1,059,498)	(469,241)	(ii)	3,080,458
Depreciation and amortisation	748,597	1,205,656	1,838,548	2,651,605	471,678	240,984	469,241	(iii)	7,626,309
Net finance costs	1,111,876	41,157	98,400	764,600	22,879	(7,068)	-		2,031,844

Note:

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

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

	***2015* QR'000**	*2014 QR'000*
Amortisation of intangibles	**(451,097)**	(469,241)
Impairment of goodwill	**(332,235)**	-
	(783,332)	(469,241)

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

38 SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 31 December 2015 and 2014.

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*NMTC QR'0000*	*Indosat Ooredoo QR'000*	*Ooredoo Oman QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*	*Total QR'000*
Segment assets (i)								
At 31 December 2015	**21,075,725**	**10,661,121**	**22,842,380**	**15,898,290**	**3,882,774**	**10,331,356**	**9,460,419**	**94,152,065**
At 31 December 2014	20,630,223	10,726,691	25,468,737	17,280,107	3,644,133	9,713,764	10,535,692	97,999,347
Capital expenditure (ii)								
At 31 December 2015	**982,346**	**1,415,328**	**1,726,961**	**2,643,371**	**731,565**	**1,355,498**	**-**	**8,855,069**
At 31 December 2014	1,317,041	2,295,887	2,129,621	2,063,552	803,175	4,805,896	-	13,415,172

Note:

(i) Goodwill amounting to QR 9,460,419 thousand (31 December 2014: QR 10,535,692 thousand) was not considered as part of segment assets.

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

39 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 35,169 thousand (2014: QR 47,822 thousand) representing 2.5% of the net profit generated from Qatar Operations.

40 DISCONTINUED OPERATION

On 31 January 2014, the Group completed the legal formalities relating to the disposal of one of its subsidiaries, PTC to Saudi Telecom at a net settlement of QR 77,881 thousand. The net assets of the subsidiary at the date of disposal was QR 55,553 thousand and a gain of QR 46,438 thousand was recognised on this disposal. As a result of this disposal, the Group no longer controls the subsidiary and ceases to consolidate its results and net assets after 31 January 2014.

41 COMPARATIVE INFORMATION

Corresponding figures for 2014 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.

42 EVENTS AFTER THE REPORTING DATE

There are no material events subsequent to the reporting date, which have a bearing on the understanding of these consolidated financial statements.