OOREDOO Q.P.S.C.
DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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Deloitte.

Deloitte & Touche - Qatar Branch
Al Ahli Bank Head Office Building
Suhaim Bin Hamad Street
Al Sadd Area
Doha, P.O. Box 431
Qatar

Tel : +974 44341112
Fax : +974 44422131
www.deloitte.com

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ooredoo Q.P.S.C. (the "Company"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>
Revenue recognition and related IT systems

The Group reported revenue of QR. 29,926,724 thousand from telecommunication related activities.

We have considered this as a key audit matter due to the estimates and judgments involved in the application of the revenue recognition accounting standards; and the complexity of IT systems and processes used in the Group's revenue recognition.

The Group has adopted IFRS 15 – Revenue from Contracts with Customers effective from 1 January 2018, which resulted in changes in key accounting policies, judgments and estimates, and disclosures for revenue recognition. As permitted by transitional provisions of IFRS 15, the Group elected not to restate the comparative numbers, and recorded an adjustment of QR. 229,554 thousand to the opening retained earnings as at 1 January 2018.

Refer to the following notes of the consolidated financial statements:

• Note 3.3 – Summary of significant accounting policies;
• Note 4 – Revenue;
• Note 19 – Contract cost and assets;
• Note 39 – Significant accounting judgements and estimates; and
• Note 41 – Segment information.
</td><td>
We updated our understanding of the Group's revenue recognition policies; in particular, the adoption of IFRS 15 and identified the internal controls including entity level controls adopted by the Group for the accounting processes and systems under the new accounting standard.

We tested revenue through a combination of controls testing and substantive audit procedures which included:

➢ Updating our understanding of the significant revenue processes and identifying the relevant controls (including IT systems, interfaces and reports);
➢ Performing automated and manual controls tests, and substantive tests, to ascertain accuracy and completeness of revenue;
➢ Testing IT general controls, covering pervasive IT risks around access security, change management, data centre and network operations;
➢ Assessing and testing Group's revenue accounting policies including the application of new accounting policies, key judgements and estimates applied by management in consideration of the requirements of IFRS 15;
➢ Performing data analysis and analytical reviews on significant revenue streams;
➢ Testing IT application controls around input, data validation and processing of transactions;
➢ Assessing the design of the systems and processes to account for transactions in accordance with the new standard and used in determining the estimated impact of the initial application of IFRS 15; and
➢ Testing and validating the controls implemented on the new revenue recognition software upon adoption of IFRS 15.

Further, we instructed and ensured that the component auditors of the Group's significant entities have performed consistent audit procedures as per above, as applicable.

We also assessed the overall presentation, structure and content of revenue related disclosures in notes 3.3, 4,19,39 and 41 to the consolidated financial statements.
</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matters
Impairment of intangible assets and goodwill The Group's total assets include intangible assets and goodwill of QR. 26,656,686 thousand, which represents 31 % of total assets. We have considered their carrying value as a key audit matter because the evaluation of the recoverable amount of the intangible assets and goodwill requires significant judgements and estimates, especially of the assumptions used in determining the discounted future cash flows and utilization of relevant assets. Refer to the following notes to the consolidated financial statements: • Note 3.1 – Basis of consolidation; • Note 3.3 – Summary of significant accounting policies; • Note 13 - Intangible assets and goodwill; and • Note 39 – Significant accounting judgements and estimates.	We tested the recoverable value assessment models and the key assumptions used by management with the involvement of our valuation specialists. Our audit procedures included the following: ➢ Understanding the business process for recoverable value assessment, identifying the relevant internal controls and testing their design, implementation and operating effectiveness of controls over the impairment assessment process, including indicators of impairment. ➢ Evaluating whether the cash flows in the models used by management to calculate the recoverable value are in accordance with IAS 36 Impairment of Assets. ➢ Obtaining and analyzing the approved business plans for each such asset (or CGU, as applicable) to assess accuracy of the computations and the overall reasonableness of key assumptions; ➢ Compared actual historical cash flow results with previous forecasts to assess forecasting accuracy. ➢ Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC) and benchmarking that with discount rates used by other similar businesses external sector related guidelines; ➢ Benchmarking assumptions on long term growth rates of local GDP and long term inflation expectations with external sources of data published by global monetary agencies; and ➢ Benchmarking the values with market multiples where applicable. We performed sensitivity analysis on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss. Further, we instructed and ensured that the component auditors of the Group's significant entities have performed consistent audit procedures as per above, as applicable We assessed the overall presentation, structure and content of the related disclosures in notes 3.1, 3.3, 13 and 39 to the consolidated financial statements

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Provisions and contingent liabilities from tax, legal and other regulatory matters	
The Group operates in multiple jurisdictions that exposes it to various tax, legal and other regulatory matters. We have considered this as a key audit matter because of the following: 1. There is a risk of non-compliance with the regulatory requirements and laws which includes but not limited to legal, regulatory and taxation laws. Such non-compliance may have financial impact (i.e., provision, contingent liabilities, etc.) on the components and might also affect the component's ability to continue as going concern. 2. The accounting of these matters require significant judgements by management in estimating the provisions and related disclosures in accordance with IFRS. Refer to the following notes to the consolidated financial statements: • Note 3.3 – Summary of significant accounting policies; • Note 35 – Contingent liabilities; and • Note 39 – Significant accounting judgments and estimates.	In responding to the risks in these matters, our audit procedures included the following: ➢ Understanding the Group's policies in addressing tax, legal and regulatory requirements; ➢ Assessing the adequacy of the design and implementation of controls over the appropriateness and completeness of provisions; ➢ Discussing open matters with the Group's tax, legal and regulatory teams; ➢ Reading external legal opinions and other relevant documents supporting management's conclusions on these matters, where available; and ➢ Obtaining direct confirmation and/or discussing with group's legal counsel and tax advisors regarding material cases, where applicable. Further, we instructed and ensured that the component auditors of the Group's significant entities have performed consistent audit procedures as per above, as applicable. We assessed the overall presentation, structure and content of the related disclosures in notes 3.3, 35 and 39 to the consolidated financial statements.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Doha – Qatar
13 February 2019

For Deloitte & Touche
Qatar Branch

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	**2018**	2017 (Restated)
		QR.'000	*QR.'000*
Revenue	4	**29,926,724**	32,645,949
Operating expenses	5	**(11,803,510)**	(12,016,723)
Selling, general and administrative expenses	6	**(6,409,712)**	(6,943,601)
Depreciation and amortisation	7	**(8,000,497)**	(8,419,634)
Net finance costs	8	**(1,732,802)**	(1,740,780)
Impairment losses on goodwill, financial assets and other assets	12, 13, 15, 16, 22	**(171,433)**	(4,772)
Other income – net	9	**469,340**	152,235
Share of results in associates and joint ventures – net of tax	15	**488,737**	(45,641)
Royalties and fees	10	**(489,156)**	(564,724)
Profit before income tax		**2,277,691**	3,062,309
Income tax	18	**(484,961)**	(773,648)
Profit for the year		**1,792,730**	2,288,661
Profit attributable to:			
Shareholders of the parent		**1,565,065**	1,897,311
Non-controlling interests		**227,665**	391,350
		1,792,730	2,288,661
Basic and diluted earnings per share (Attributable to shareholders of the parent) (Expressed in QR. per share)	11	**4.89**	5.92

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** *QR.'000*	2017 (Restated) *QR.'000*
Profit for the year		**1,792,730**	2,288,661
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges	25	**142**	81
Share of other comprehensive income (loss) of associates and joint ventures	25	**4,081**	(6,585)
Foreign currency translation differences	25	**(1,712,009)**	(39,356)
Net changes in fair value of available-for-sale investments	25	**-**	66,119
Items that will not be reclassified subsequently to profit or loss			
Net changes in fair value on investments in equity instruments designated as at FVTOCI	25	**29,723**	-
Net changes in fair value of employees' benefit reserve	25	**54,244**	(23,046)
Other comprehensive loss – net of tax		**(1,623,819)**	(2,787)
Total comprehensive income for the year		**168,911**	2,285,874
Total comprehensive income attributable to:			
Shareholders of the parent		**128,412**	1,963,132
Non-controlling interests		**40,499**	322,742
		168,911	2,285,874

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	**2018**	2017 (Restated)
		QR.'000	*QR.'000*
ASSETS			
Non-current assets			
Property, plant and equipment	12	**27,207,493**	29,474,307
Intangible assets and goodwill	13	**26,656,686**	28,804,983
Investment property	14	**52,802**	60,930
Investment in associates and joint ventures	15	**2,146,946**	2,119,041
Financial assets – equity instruments	16	**947,237**	812,933
Other non-current assets	17	**858,994**	701,831
Deferred tax asset	18	**569,892**	341,648
Contract costs and assets	19	**151,806**	-
Total non-current assets		**58,591,856**	62,315,673
Current assets			
Inventories	20	**643,061**	679,623
Contract costs and assets	19	**312,070**	-
Trade and other receivables	21	**8,233,543**	7,912,601
Bank balances and cash	22	**17,493,273**	18,390,694
		26,681,947	26,982,918
Assets held for sale		**25,672**	157,894
Total current assets		**26,707,619**	27,140,812
TOTAL ASSETS		**85,299,475**	89,456,485
EQUITY			
Share capital	23	**3,203,200**	3,203,200
Legal reserve	24 (a)	**12,434,282**	12,434,282
Fair value reserve	24 (b)	**606,299**	522,873
Employees' benefit reserve	24 (c)	**22,031**	(12,497)
Translation reserve	24 (d)	**(7,805,451)**	(6,298,501)
Other statutory reserves	24 (e)	**1,252,304**	1,202,508
Retained earnings		**12,496,038**	12,000,973
Equity attributable to shareholders of the parent		**22,208,703**	23,052,838
Non-controlling interests		**5,968,984**	6,532,272
TOTAL EQUITY		**28,177,687**	29,585,110

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2018

	Notes	2018	2017 (Restated)
		QR.'000	*QR.'000*
LIABILITIES			
Non-current liabilities			
Loans and borrowings	27	**27,479,441**	32,611,650
Employees' benefits	28	**825,611**	888,588
Deferred tax liabilities	18	**358,260**	374,614
Other non-current liabilities	29	**2,197,505**	1,959,775
Contract liabilities	31	**14,121**	-
Total non-current liabilities		**30,874,938**	35,834,627
Current liabilities			
Loans and borrowings	27	**9,279,920**	7,243,694
Trade and other payables	30	**13,330,351**	13,512,019
Deferred income	26	**1,940,644**	1,883,100
Contract liabilities	31	**145,132**	-
Income tax payable		**1,550,803**	1,321,635
		26,246,850	23,960,448
Liabilities held for sale		**-**	76,300
Total current liabilities		**26,246,850**	24,036,748
TOTAL LIABILITIES		**57,121,788**	59,871,375
TOTAL EQUITY AND LIABILITIES		**85,299,475**	89,456,485

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Abdulla Bin Mohammed Bin Saud Al Thani
Chairman

....

Ali Shareef Al Emadi
Deputy Chairman

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to shareholders of the parent									
	Share capital	***Legal reserve***	***Fair value reserve***	***Employees 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 2018 – (restated) (Note 44)	3,203,200	12,434,282	522,873	(12,497)	(6,298,501)	1,202,508	12,000,973	23,052,838	6,532,272	29,585,110
Effect of change in accounting policy for:										
Initial application of IFRS 15	-	-	-	-	-	-	229,544	229,544	(4,004)	225,540
Initial application of IFRS 9	-	-	(120,818)	-	-	-	99,835	(20,983)	(17,320)	(38,303)
Adjusted balance as at 1 January 2018*	3,203,200	12,434,282	402,055	(12,497)	(6,298,501)	1,202,508	12,330,352	23,261,399	6,510,948	29,772,347
Profit for the year	-	-	-	-	-	-	1,565,065	1,565,065	227,665	1,792,730
Other comprehensive income (loss)	-	-	35,769	34,528	(1,506,950)	-	-	(1,436,653)	(187,166)	(1,623,819)
Total comprehensive income (loss) for the year	-	-	35,769	34,528	(1,506,950)	-	1,565,065	128,412	40,499	168,911
Realized loss on FVTOCI investment recycled to retained earnings	-	-	168,475	-	-	-	(168,475)	-	-	-
Transaction with shareholders of the parent, recognised directly in equity										
Dividend for 2017 (Note 32)	-	-	-	-	-	-	(1,121,120)	(1,121,120)	-	(1,121,120)
Transfer to other statutory reserves	-	-	-	-	-	49,796	(49,796)	-	-	-
Transaction with non-controlling interest, recognised directly in equity										
Change in subsidiary's non-controlling interest	-	-	-	-	-	-	(4,633)	(4,633)	65,708	61,075
Loss of control of a subsidiary**	-	-	-	-	-	-	-	-	(36,178)	(36,178)
Change in holding interest of an associate***	-	-	-	-	-	-	(5,870)	(5,870)	-	(5,870)
Change in associate's non-controlling interest in its subsidiary	-	-	-	-	-	-	2,029	2,029	-	2,029
Dividends for 2017	-	-	-	-	-	-	-	-	(611,635)	(611,635)
Transaction with non-owners of the Group, recognised directly in equity										
Transfer to employee association fund	-	-	-	-	-	-	(1,889)	(1,889)	(358)	(2,247)
Transfer to social and sports fund (Note 42)	-	-	-	-	-	-	(49,625)	(49,625)	-	(49,625)
At 31 December 2018	**3,203,200**	**12,434,282**	**606,299**	**22,031**	**(7,805,451)**	**1,252,304**	**12,496,038**	**22,208,703**	**5,968,984**	**28,177,687**

**The Group has initially applied IFRS 15 and IFRS 9 as at 1 January 2018. Under the transition method selected, the comparative information is not restated and cumulative catch-up adjustment is recorded in the opening balances.*
*** On 1 April 2018, the Group lost control in one of its subsidiaries and accordingly deconsolidated the subsidiary. The remaining share in investment is accounted for as an investment in an associate.*
**** On 8 August 2018, the Group's shareholding in one of its associate was diluted in accordance with shareholders' agreement.*

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2018

	Attributable to shareholders of the Parent									
	Share capital	*Legal reserve*	*Fair value reserve*	*Employees' 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 2017	3,203,200	12,434,282	462,600	2,482	(6,319,028)	1,152,553	11,247,966	22,184,055	6,817,056	29,001,111
Profit for the year (restated)	-	-	-	-	-	-	1,897,311	1,897,311	391,350	2,288,661
Other comprehensive income (loss) (restated)	-	-	60,273	(14,979)	20,527	-	-	65,821	(68,608)	(2,787)
Total comprehensive income (loss) for the year (resated)	-	-	60,273	(14,979)	20,527	-	1,897,311	1,963,132	322,742	2,285,874
Transactions with shareholders of the Parent, recognised directly in equity										
Dividend for 2016 (Note 32)	-	-	-	-	-	-	(1,121,120)	(1,121,120)	-	(1,121,120)
Transfer to other statutory reserves	-	-	-	-	-	49,955	(49,955)	-	-	-
Transactions with non-controlling interest, recognised directly in equity										
Change in non-controlling interest of a subsidiary (i)	-	-	-	-	-	-	69,226	69,226	25,129	94,355
Change in associate's non-controlling interest of its subsidiary	-	-	-	-	-	-	671	671	-	671
Dividend for 2016	-	-	-	-	-	-	-	-	(632,303)	(632,303)
Transactions with non-owners of the Group, recognised directly in equity										
Transfer to social and sports fund (Note 42)	-	-	-	-	-	-	(41,269)	(41,269)	-	(41,269)
Transfer to employee association fund	-	-	-	-	-	-	(1,857)	(1,857)	(352)	(2,209)
At 31 December 2017 (restated) (Note 44)	3,203,200	12,434,282	522,873	(12,497)	(6,298,501)	1,202,508	12,000,973	23,052,838	6,532,272	29,585,110

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

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	**2018**	2017 (Restated)
		QR.'000	*QR.'000*
OPERATING ACTIVITIES			
Profit before income tax		**2,277,691**	3,062,309
Adjustments for:			
Depreciation and amortization		**8,000,497**	8,419,634
Dividend income	9	**(43,750)**	(28,424)
Impairment losses on goodwill, financial assets and other assets		**201,004**	4,772
Reversal of impairment of intangible assets		**-**	(8,265)
Gain on disposal of investments at FVTPL		**129**	-
Changes in fair value of FVTPL investments		**(30,554)**	-
Gain on loss of control of a subsidiary		**(235,969)**	-
Gain on disposal of available-for-sale investments		**-**	(1,295)
Gain on disposal of property, plant and equipment		**(42,783)**	(63,681)
Net finance cost	8	**1,732,802**	1,740,780
Provision for employees' benefits		**213,291**	162,785
Provision against doubtful debts		**342,590**	351,339
Share of results in associates and joint ventures – net of tax	15	**(488,737)**	45,641
Operating profit before working capital changes		**11,926,211**	13,685,595
Working capital changes:			
Changes in inventories		**36,562**	(98,479)
Changes in trade and other receivables		**(696,849)**	(633,037)
Changes in contract costs and assets		**(199,333)**	-
Changes in trade and other payables		**(451,291)**	(684,033)
Changes in contract liabilities		**(9,959)**	-
Cash from operations		**10,605,341**	12,270,046
Finance costs paid		**(2,007,548)**	(2,010,478)
Employees' benefits paid	27	**(236,098)**	(272,110)
Income tax paid		**(494,608)**	(560,566)
Net cash from operating activities		**7,867,087**	9,426,892

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2018

	Notes	**2018**	2017
		QR.'000	*QR.'000*
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(4,664,779)**	(3,801,347)
Acquisition of intangible assets		**(1,332,085)**	(1,225,693)
Investment in an associate		**(21,519)**	(43,960)
Investment in joint ventures		**(550)**	(79,838)
Additional investment in financial asset at FVTOCI (2017: available-for-sale investments)		**(18,221)**	(20,218)
Proceeds from disposal of property, plant and equipment		**159,539**	117,121
Proceeds from disposal of investments at FVTPL (2017: available-for-sale investments)		**43,310**	3,277
Movement in restricted deposits		**51,649**	(106,210)
Movement in short-term deposits		**428,286**	(318,229)
Movement in other non-current assets		**(155,079)**	(108,264)
Dividend received		**400,323**	133,042
Interest received		**360,624**	351,144
Net cash used in investing activities		**(4,748,502)**	(5,099,175)
FINANCING ACTIVITIES (i)			
Proceeds from rights issue of a subsidiary		**56,956**	-
Proceeds from share issue of a subsidiary		**4,119**	-
Proceeds from loans and borrowings		**9,103,504**	4,515,609
Repayment of loans and borrowings		**(11,931,283)**	(5,361,342)
Proceeds from IPO transaction		**-**	94,355
Additions to deferred financing costs	26	**(12,949)**	(8,076)
Dividend paid to shareholders of the parent	32	**(1,121,120)**	(1,121,120)
Dividend paid to non-controlling interests		**(611,635)**	(632,303)
Movement in other non-current liabilities		**295,994**	(286,046)
Net cash used in financing activities		**(4,216,414)**	(2,798,923)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(1,097,829)**	1,528,794
Effect of exchange rate fluctuations		**535,369**	4,078
Cash and cash equivalents at 1 January		**17,095,602**	15,562,730
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	22	**16,533,142**	17,095,602

Please refer to Note 22 for details of non-cash transactions.

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

1 REPORTING ENTITY

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

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

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

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

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

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

In line with an amendment issued by Qatar Financial Markets Authority ("QFMA"), effective from May 2018, listed entities are required to comply with the Qatar Financial Markets Authority's law and relevant legislations including Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code"). The Group has taken appropriate steps to comply with the requirements of the Governance Code.

The consolidated financial statements of the Group for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 13 February 2019.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association.

b) Basis of measurement

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

- Equity instruments, classified as Fair Value Through Other Comprehensive Income ("FVTOCI") and Fair Value Through Profit and Loss ("FVPTL"), are measured at fair value (2017: 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 FVTPL.

Historical cost is based on the fair value of the consideration, which is given in exchange for goods and services. The methods used to measure fair values are discussed further in note 37.

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.

2 BASIS OF PREPARATION (CONTINUED)

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 39.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1. BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

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

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

a) Business combinations and goodwill

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

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

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within scope of IFRS 9 Financial instruments, is measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at FV at each reporting date with changes in fair value are recognised in profit or loss.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

b) Non-controlling interests (“NCI”)

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

c) Subsidiaries

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

d) Loss of control

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

e) Interests in associates and joint ventures

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

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

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

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

The Group’s share of associates’ and joint ventures’ results is based on the most recent financial statements or interim financial statements drawn up to the Group’s reporting date. For one of the Group’s joint ventures, the Group accounts for its share in the results, assets and liabilities of its joint venture, which is an investment entity and applies fair value measurement to its subsidiaries, using equity method of accounting.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

f) Transactions eliminated on consolidation

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

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

Name of subsidiary	*Principal activity*	*Country of incorporation*	*Group effective shareholding percentage*	
			2018	*2017*
Ooredoo Investment Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo International Investments L.L.C	Investment company	Qatar	**100%**	100%
Ooredoo Group L.L.C.	Management service company	Qatar	**100%**	100%
Ooredoo South East Asia Holding S.P.C	Investment company	Bahrain	**100%**	100%
West Bay Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo Asian Investments Pte. Ltd.	Investment company	Singapore	**100%**	100%
Al Dafna Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Al Khor Holding S.P.C.	Investment company	Bahrain	**100%**	100%
IP Holdings Limited	Investment company	Cayman Islands	**100%**	100%
Ooredoo Myanmar Tower Holding Co.	Investment company	Cayman Islands	**100%**	100%
wi-tribe Asia Limited	Investment company	Cayman Islands	**100%**	100%
Ooredoo Asia Pte. Ltd.	Investment company	Singapore	**100%**	100%
Ooredoo International Finance Limited	Investment company	Bermuda	**100%**	100%
MENA Investcom S.P.C.	Investment company	Bahrain	**100%**	100%
Omani Qatari Telecommunications Company S.A.O.G. (“Ooredoo Oman”)	Telecommunication company	Oman	**55.0%**	55.0%
Starlink W.L.L.	Telecommunication company	Qatar	**72.5%**	72.5%
National Mobile Telecommunications Company K.S.C.P (“Ooredoo Kuwait”)	Telecommunication company	Kuwait	**92.1%**	92.1%
Wataniya International FZ – L.L.C.	Investment company	United Arab Emirates	**92.1%**	92.1%
Al-Bahar United Company W.L.L. ("Phono")	Telecommunication company	Kuwait	**92.1%**	92.1%
Al Wataniya Gulf Telecommunications Holding Company S.P.C.	Investment company	Bahrain	**92.1%**	92.1%
Ooredoo Maldives PLC	Telecommunication company	Maldives	**83.3%**	83.3%
WARF Telecom International Pvt. Ltd.	Telecommunication company	Maldives	**59.9%**	59.9%
Wataniya Telecom Algerie S.P.A. (”Ooredoo Algeria”)	Telecommunication company	Algeria	**74.4%**	74.4%
Ooredoo Consortium Ltd.	Investment company	Malta	**92.1%**	92.1%
Duqm Data Centre SAOC (iv)	Telecommunication company	Oman	**33.0%**	28.1%

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

f) Transactions eliminated on consolidation (continued)

Name of subsidiary	*Principal activity*	*Country of incorporation*	*Group effective shareholding percentage*	
			2018	*2017*
Ooredoo Tunisia Holdings Ltd.	Investment company	Malta	**92.1%**	92.1%
Ooredoo Malta Holdings Ltd.	Investment company	Malta	**100%**	100%
Ooredoo Tunisie S.A.	Telecommunication company	Tunisia	**84.1%**	84.1%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("Ooredoo Palestine") (i)	Telecommunication company	Palestine	**45.4%**	44.6%
Raywood Inc.	Investment company	Cayman Islands	**100%**	100%
Newood Inc.	Investment company	Cayman Islands	**100%**	100%
Midya Telecom Company Limited ("Fanoos") (ii)	Telecommunication company	Iraq	**49.0%**	49.0%
Al-Rowad General Services Limited	Investment company	Iraq	**100%**	100%
Asiacell Communications PJSC	Telecommunication company	Iraq	**64.1%**	64.1%
wi-tribe Limited	Investment company	Cayman Islands	**86.1%**	86.1%
Barzan Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Laffan Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Zekreet Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo Myanmar Ltd.	Telecommunication company	Myanmar	**100%**	100%
Al Wokaer Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Al Wakrah Holding S.P.C.	Investment company	Bahrain	**100%**	100%
Ooredoo Tamweel Ltd.	Investment company	Cayman Islands	**100%**	100%
Ooredoo IP L.L.C.	Management service company	Qatar	**100%**	100%
Ooredoo Global Services FZ-L.L.C	Management service company	United Arab Emirates	**100%**	100%
Ooredoo Global Services L.L.C	Management service company	Qatar	**100%**	100%
Seyoula International Investments W.L.L	Investment company	Qatar	**100%**	100%
Fast Telecommunications Company W.L.L.	Telecommunication company	Kuwait	**92.1%**	92.1%
Ooredoo Myanmar Fintech Limited	Telecommunication company	Myanmar	**100%**	100%
OIH Investment L.L.C.	Investment company	Qatar	**100%**	100%
Al Wokaer East L.L.C.	Investment company	Qatar	**100%**	100%
Barzan East L.L.C.	Investment company	Qatar	**100%**	100%
Mena Investcom L.L.C.	Investment company	Qatar	**100%**	100%
Al Wakra East L.L.C.	Investment company	Qatar	**100%**	100%
OSEA Investment L.L.C.	Investment company	Qatar	**100%**	100%
PT. Indosat Tbk ("Indosat Ooredoo")	Telecommunication company	Indonesia	**65.0%**	65.0%
Indosat Singapore Pte. Ltd.	Management service company	Singapore	**65.0%**	65.0%
PT Indosat Mega Media	Telecommunication company	Indonesia	**64.9%**	64.9%
PT Starone Mitra Telekomunikasi	Telecommunication company	Indonesia	**65.0%**	65.0%
PT Aplikanusa Lintasarta (iii)	Telecommunication company	Indonesia	**47.0%**	47.0%
PT Artajasa Pembayaran Elektronis (iii)	Telecommunication company	Indonesia	**-**	25.9%
PT Lintas Media Danawa (iii)	Investment company	Indonesia	**32.9%**	32.9%
PT Interactive Vision Media	Telecommunication company	Indonesia	**64.9%**	64.9%
PT Portal Bursa Digital (iii)	Investment company	Indonesia	**40.3%**	40.3%

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

(i) The Group holds 45.4% (2017: 44.6%) of Ooredoo Palestine and has established control over the entity as it can demonstrate power through its indirect ownership of National Mobile Telecommunications Company K.S.C.P ("NMTC") by virtue of NMTC having more than 51% of the voting interests in Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("Ooredoo Palestine"). This exposes and establishes rights of the Group to variable returns and gives ability to affect those returns through its power over Ooredoo Palestine. Wataniya Palestine was rebranded to Ooredoo Palestine in 2018 (although the legal name remains Wataniya Palestine).

(ii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 100% (2017: 100%) voting interest held by the Group to carry out investment activities in Iraq. Raywood acquired 49% voting interest of Midya Telecom Company Limited ("Fanoos") in Iraq. Although the Group holds less than a majority of the voting rights of Fanoos, the Group can still demonstrate its power by virtue of shareholders' agreement entered into between Raywood and Fanoos, Iraq. This arrangement exposes the Group to variable returns and gives the ability to affect those returns over Fanoos.

(iii) The Group has the power, indirectly through PT Indosat Tbk ("Indosat Ooredoo") by virtue of Indosat Ooredoo having control over these companies. This exposes the Group to variable returns from their investment and gives ability to affect those returns through its power over them. Hence, these companies have been considered as subsidiaries of the Group.

(iv) 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.

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

3.2.1 New and amended IFRSs that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 2018, have been adopted in these consolidated financial statements.

The Group applies, for the first time, IFRS 9 Financial Instruments (as revised in July 2014) and IFRS 15 Revenue from contracts with customers) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The impact of the initial application of these standards are disclosed in the changes in accounting policies paragraph below.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements have not been restated to reflect the requirements of the new standards.

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures about 2018 and to the comparative period.

Details of these IFRS 9 new requirements as well as their impact on the Group's consolidated financial statements are described below.

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

3.2.1 New and amended IFRSs that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e., the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The directors of the Group reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding;
- at the date of initial application equity investments that the Group intends to hold for the long term strategic purposes are designated at FVTOCI. The accumulated fair value reserve related to these investments will never be reclassified to the consolidated statement of profit or loss; and
- financial assets are measured at FVTPL if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Group has elected not to restate comparative figures but any adjustments to the carrying amounts of financial assets and liabilities at transition date were recognized in the opening balances of retained earnings, fair value reserve and non-controlling interest.

Note (d) below tabulates the change in classification and the related adjustments arising from such reclassifications and remeasurements of the Group's financial assets upon application of IFRS 9.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

3.2.1 New and amended IFRSs that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(b) Impairment of financial assets (continued)

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

1. Trade and other receivables;
2. Bank balances and cash;
3. Contract costs and assets; and
4. Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets in certain circumstances.

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated financial statements. Refer to note 36.

(c) Classification and measurement of financial liabilities
The application of IFRS 9 had no material impact on the classification and measurement of the Group's financial liabilities.

(d) Disclosures in relation to the initial application of IFRS 9
The table below illustrates the classification and measurement and the related adjustments of financial assets and financial liabilities under IFRS 9 at the date of initial application, 1 January 2018.

Particulars	**Retained earnings**	**NCI**	**Fair value reserve**
	QR.'000	***QR.'000***	***QR.'000***
Closing balance as as at 31 December 2017	**12,000,973**	**6,532,272**	**522,873**
Impact on reclassification and re-measurements			
i. Investment securities (equity) from available-for-sale to those measured at fair value through other comprehensive income ("FVTOCI")	127,119	(1,957)	(123,233)
ii. Investment securities (equity) from available-for-sale to those measured at fair value through profit or loss ("FVTPL")	29,087	16,961	2,415
Impact on recognition of Expected Credit Losses			
i. Trade and other receivables	(48,542)	(32,540)	-
ii. Bank balance and cash	(10,168)	(204)	-
iii. Related tax impact	2,339	420	-
IFRS 9 transition impact	99,835	(17,320)	(120,818)
Balance as at 1 January 2018 (after IFRS 9 adjustment)	**12,100,808**	**6,514,952**	**402,055**

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

3.2.1 New and amended IFRSs that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(d) Disclosures in relation to the initial application of IFRS 9 (continued)

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Reclassifications	Remeasurements other than ECL	Additional loss allowance Retained earning effect as at 1 January 2018	New carrying amount under IFRS 9
			QR.'000				*QR.'000*
Financial assets							
Equity securities	Available for sale	FVTOCI	812,933	(19,821)	1,929	-	795,041
Equity securities	Available for sale	FVTPL	-	19,821	48,463	-	68,284
Trade and other receivables	Loans and receivables	Amortised cost	7,912,601	-	-	(81,082)	7,831,519
Bank balances and cash	Loans and receivables	Amortised cost	18,390,694	-	-	(10,372)	18,380,322

The Group has elected not to restate comparatives, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 January 2018).

The result of the assessment is as follows:

- Trade and other receivables – The Group applies the simplified approach and recognises lifetime ECL for these financial assets. The cumulative additional loss allowance recognised on 1 January 2018 amounted to QR. 81,082 thousand.
- Bank balances and cash – All bank balances are assessed to have low credit risk at the reporting date as they are held with reputable international banking institutions. The cumulative additional loss allowance recognised on 1 January 2018 amounted to QR. 10,372 thousand.
- Financial guarantee contracts – There has been no significant increase in the risk of default on the underlying loans since initial recognition up to 1 January 2018.

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

3.2.1 New and amended IFRSs that are effective for the current year (continued)

Impact of application of IFRS 15, Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 15 using cumulative effect method on initial application of this standard as permitted by IFRS 15.C3(b). Under this transition method, the Group elected to apply IFRS 15 retrospectively only to contracts that are not completed as at 1 January 2018. The Group has used the practical expedients for modified contracts in IFRS 15.C5(c).

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the consolidated statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances, except for deferred income.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 3.3.

Impact of cumulative catch up adjustment in opening retained earnings and NCI:

Particulars		**Retained earnings**	**NCI**
		QR.'000	***QR.'000***
Retained earnings at 1 January 2018 (after IFRS 9 impact)		**12,100,808**	**6,514,952**
Impact on revenue recognition			
i.	Transit services	408,149	-
ii.	Customer loyalty programme	(70,497)	(195)
iii.	Handset sales impact	1,519	303
iv.	Connection fees	11,988	(2,871)
v.	Multi element arrangements	77,562	13,444
vi.	Subscription fees, Voice, SMS & Data	(97,724)	(54,607)
vii.	Other revenue streams recognised over the period	(461)	(26)
viii.	Associate transition impact*	93,120	-
ix.	Upfront commission	(222,406)	(99,595)
		201,250	(143,547)
Impact on cost recognition			
i.	Transit service cost	408,149	-
ii.	Installation cost and commission to third party dealers	(123,381)	(30,817)
iii.	Customer loyalty programme	(103,132)	(5,369)
iv.	Handset cost impact	1,461	291
v.	Other cost recognised over period	15,232	6,706
vi.	Royalties and fees on net impact	7,407	319
vii.	Related tax impact	(12,042)	(11,303)
viii.	Net finance cost	418	225
ix.	Upfront commission	(222,406)	(99,595)
		(28,294)	(139,543)
IFRS 15 transition impact		229,544	(4,004)
Balance as at 1 January 2018 (after IFRS 9 and IFRS 15 adjustment)		**12,230,352**	**6,510,948**

**This refers to the share in transition impact of the Group's investment in an associate upon initial application of IFRS 15.*

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

3.2.1 New and amended IFRSs that are effective for the current year (continued)

The Group has disclosed below the impact of changes to the line items in consolidated statement of financial position as at 31 December 2018, without adoption of IFRS 15:

Impact on the consolidated statement of financial position

As at 31 December 2018

	As reported	Adjustments	Amounts without adoption of IFRS 15
	QR.'000	*QR.'000*	*QR.'000*
ASSETS			
Investment in associates and joint ventures	2,146,946	(93,120)	2,053,826
Deferred tax assets	569,892	11,065	580,957
Contract cost and assets – non-current	151,806	(151,806)	-
Inventories	643,061	18,016	661,077
Contract cost and assets – current	312,070	(312,070)	-
Trade and other receivables	8,233,543	(5,346)	8,228,197
LIABILITIES			
Deferred tax liabilities	358,260	75	358,335
Contract liabilities – non-current	14,121	(14,121)	-
Deferred income	1,940,644	(56,524)	1,884,120
Trade and other payables	13,330,351	(5,161)	13,325,190
Contract liabilities – current	145,132	(145,132)	-
Income tax payable	1,550,803	(232)	1,550,571
EQUITY			
Translation reserve	(7,805,451)	22,372	(7,783,079)
Retained earnings	12,496,038	(295,395)	12,200,643
Non-controlling interests	5,968,984	(39,143)	5,929,841

The Group has disclosed below the impact of changes to the line items in the consolidated statement of profit or loss for the year ended 31 December 2018, without adoption of IFRS 15.

Impact on the consolidated statement of profit or loss

For the year ended 31 December 2018

	As reported	Adjustments	Amounts without adoption of IFRS 15
	QR.'000	*QR.'000*	*QR.'000*
Continuing operations			
Revenue	29,926,724	(18,121)	29,908,603
Operating expense	(11,803,510)	263,634	(11,539,876)
Selling, general and administrative expenses	(6,409,712)	(400,443)	(6,810,155)
Depreciation and amortisation	(8,000,497)	(281)	(8,000,778)
Other income – net	469,340	2,613	471,953
Royalties and fees	(489,156)	(1,091)	(490,247)
Income tax expense	(484,961)	46,266	(438,695)

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

3.2.1 New and amended IFRSs that are effective for the current year (continued)

Impact of application of IFRS 15, Revenue from Contracts with Customers (continued)

The following table provides information on the initial application of IFRS 15 related to trade and other receivables, contract costs and assets and contract liabilities from contract with customers upon transition to IFRS 15.

	31 December 2017	IFRS 15 Transition Impact	1 January 2018
	QR.'000	*QR.'000*	*QR.'000*
Trade and other receivables	7,912,601	(381)	7,912,220
Contract costs and assets	-	378,702	378,702
Contract liabilities	-	75,934	75,934

The Group has elected to apply the practical expedient on contract modification. The practical expedient for contract modification in IFRS 15 allows to calculate revenue on prorate basis from the date of initial activation to expiry date of contracts which were extended in 2017 and are not completed or expired as at 1 January 2018.

Applying the practical expedient for all contract modifications that occur before 1 January 2018, the remaining unearned revenue pertaining to the open performance obligations are adjusted to the deferred revenue, retained earnings and deferred tax.

The cumulative effect of the changes made to the consolidated statement of financial position from adoption of IFRS 15 is as follows:

I. Impact on the consolidated statement of financial position

As at 1 January 2018

	31 December 2017	Adjustments	1 January 2018
	QR.'000	*QR.'000*	*QR.'000*
Deferred income	1,883,100	161,874	2,044,974
Deferred tax	341,648	40,469	382,117
Retained earnings	12,000,973	(121,405)	11,879,568

3.2.2 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

3.2.2 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
IFRS 16 *Leases*	1 January 2019

<u>General impact of application of IFRS 16 Leases</u>
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019.

The following are the main areas impacting the Group on initial application of IFRS 16:

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

3.2.3 New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Impact of the new definition of lease	1 January 2019

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether the existing contracts contains lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, as off-balance sheet items.

On initial application of IFRS 16, for all leases the Group will:

a. Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, mainly arising due to:
    - GSM Towers
    - Office and shop space
b. Estimate the incremental borrowing rate and use it to determine the present value of the future lease payments.
c. Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
d. Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest expense (presented within operating activities) in the consolidated statement of cash flow.

For short-term leases and leases of low-value assets, the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

The Group plans to apply modified retrospective approach upon adoption of IFRS 16.

In preparation for the first time application of IFRS 16, the Group has carried out an implementation project. The impact of applying the Standard is still under final assessment; however based on management's initial assessment, the Group expects to have a major impact on initial application of IFRS 16 on the Group's consolidated financial statements.

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

3.2.3 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 17 *Insurance Contracts*	1 January 2021
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as at 1 January 2021.	
Amendments to IFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	
The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	
Management of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.	
Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019
Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*	1 January 2019
The *Annual Improvements* include amendments to four Standards.	
IAS 12 *Income Taxes* The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	

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

3.2.3 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IAS 23 *Borrowing Costs* The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. IFRS 3 *Business Combinations* The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. IFRS 11 *Joint Arrangements* The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation. All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted. Management of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.	1 January 2019
Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.
IFRIC 23 *Uncertainty over Income Tax Treatments* The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	1 January 2019

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

3.2.3 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Upon adoption of IFRS 15 – applicable from 1 January 2018

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognizes revenue when it transfers control over goods or services to its customers.

Revenue from telecommunication services mainly consists of access charges, airtime usage, messaging, interconnect fees, data and connectivity services, connection fees and other related services. Services are offered separately or as bundled packages along with other services and/or devices.

For bundle packages, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate product and services (i.e. distinct performance obligations, "PO") in a bundle based on their stand-alone selling prices.

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis. For items that are not sold separately (e.g. customer loyalty program) the Group estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

The Group principally obtains revenue from following key segments:

1. Mobile services

Mobile service contracts typically consist of specific allowances for airtime usage, messaging and data, and connection fees. In this type of arrangement, the customer simultaneously receives and consumes the benefits as the Group performs the service. Thus, the revenue is recognized over the period as and when these services are provided.

2. Fixed services

The Group offers fixed services which normally include installation and configuration services, internet connectivity, television and telephony services. These services are bundled with locked or unlocked equipment, such as router and/or set-top box. Similar to mobile service contracts, fixed service revenue with locked equipment are recognized over the contract period, whereas revenue recognition for unlocked equipment is upon transfer of control to the customer.

3. Sale of unlocked devices

Devices such as smart phones, tablets, Mi-Fis that are sold separately and are not bundled with mobile/fixed service contracts have standalone value to the customer and are unlocked devices. The revenue from sale of unlocked devices is recognized upon transfer of control to the customer.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

4. Interconnection service
Revenue from the interconnection of voice and data traffic with other telecommunications operators is recognised at the time of transit across our network.

Revenue from transit services
The Group has concluded that it is acting as principal on these arrangements and hence revenue is accounted on gross basis. This change has resulted in an increase in transit revenue and cost.

Customer loyalty schemes
The Group has concluded that it is acting as an agent on customer loyalty scheme arrangements which are redeemed through its partners hence revenue is accounted on net basis. These changes have resulted in decrease in revenue and cost from loyalty schemes.
The Group concluded that under IFRS 15, the loyalty scheme gives rise to a separate performance obligation because it generally provides a material right to the customer. The Group allocates a portion of the transaction price to the loyalty scheme liability based on the relative standard standalone selling price of loyalty points and a contract liability is recognised until the points are redeemed or expired.

Value-added services
The Group has offerings where it provides customer with additional content, such as music and video streaming and SMS services, as Value-Added Services (VAS). On this type of services, the Group has concluded that they are acting as a principal and revenue will be recognized at a gross basis.

Connection fees
The Group has concluded that connection fees charged for the activation of services will be recognized over the contract period. The connection fees that is not considered as a distinct performance obligation shall form part of the transaction price and recognised over the period of service.

Multi elements arrangements (Mobile contract plus handset)
The Group has concluded that in case of multiple elements arrangements with subsidized products delivered in advance, the component delivered in advance (e.g. mobile handset), will require recognition of a contract asset. Contract asset primary relates to the Group's right on consideration for services and goods provided but not billed at the reporting date.

Installation cost, commissions to third party dealers, marketing expenses
The Group has concluded that commissions and installation costs meet the definition of incremental costs to acquire a contract or a costs to fulfil a contract. The Group has capitalized these expenses as contract cost assets and amortized as per portfolio approach. Recognized contract assets will be subject to impairment assessment under IFRS 9 requirements.

Upfront commission
The Group has concluded that the sale of prepaid cards to dealers or distributors where the Group retains its control over the prepaid cards is assessed as a consignment arrangement. Thus, the Group shall not recognize revenue upon sale to dealers or distributors but upon utilisation or expiration of prepaid cards. Consequently, the commission arising from the sale of prepaid card is recognized as an expense.

In cases where the Group transfers its control over the prepaid cards to dealers, distributors or customers, the Group has concluded that the upfront commission qualifies as a consideration payable to a customer and therefore will be treated as a reduction of the transaction price. Similarly, the Group shall recognise revenue only upon utilization or expiration of prepaid cards.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

Significant financing component
The Group has decided to recognize interest expense at appropriate annual interest rate over the contract period and total transaction price including financing component is recognized when equipment is delivered to customer.

Contract assets and liabilities
The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Discounts and promotions
The Group provides various discounts and promotions to its customers, which may be agreed at inception or provided during the contract term. The impact and accounting of these discounts and promotions vary under IFRS 15 which may result in recognition of contract asset.

Contract modification
The Group has applied IFRS 15 using modified retrospective approach using practical expedient in paragraph C5(c) of IFRS 15, under which, for contracts that were modified before 1 January 2018, the Group need not to retrospectively restate the contract for those contract modifications. Instead, the Group reflected the aggregate effect of all of the modifications that occurred before 1 January 2018 and presented when (i) the performance obligations were satisfied and unsatisfied; (ii) determined the transaction price; and (iii) allocated the transaction price.

Revenue recognition under IAS 18, applicable before 1 January 2018
Revenue represents the fair value of consideration received or receivable for communication services and equipment sales net of discounts and sales taxes. Revenue from rendering of services and sale of equipment is recognised when it is probable that the economic benefits associated with the transaction shall flow to the Group and the amount of revenue and the associated costs can be measured reliably.

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

When our role in a transaction is that of principal, revenue is presented on a gross basis, otherwise, revenue is presented on a net basis. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

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

Multiple element deliverables
In revenue arrangements including more than one deliverable that have value to a customer on standalone basis, the arrangement consideration is allocated to each deliverable based on their relative fair value to reflect the substance of the transaction. Where fair value is not directly observable, the total consideration is allocated using an appropriate allocation method. The cost of elements is immediately recognised in consolidated statement of profit or loss.

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

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

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

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

Loyalty program
The Group has a customer loyalty programme whereby customers are awarded credits (“points”) based on the usage of products and services, entitling customers to the right to redeem the accumulated points via specified means. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the points and the other components of sale. The amount allocated to the points is estimated by reference to the fair value of the right to redeem it at a discount for the products of the Group or for products or services provided by third parties. The fair value of the right to redeem is estimated based on the amount of discount, adjusted to take into account the expected forfeiture rate.

The amount allocated to the points is deferred and included in deferred revenue. Revenue is recognised when these points are redeemed and the Group has fulfilled its obligations to the customer. The amount of revenue recognised in those circumstances is based on the number of the points that have been redeemed, relative to the total number of points that is expected to be redeemed. Deferred revenue is also released to revenue when it is no longer considered probable that the points will be redeemed.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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.

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

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

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

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

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

Other income/(expenses) - net
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:

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other income/(expenses) – net (continued)

Fair value gains
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 and gains on hedging instruments that are recognised in the consolidated statement of profit or loss.

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.

Ancillary service income
Revenue from ancillary services is recognised when these services are provided.

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

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

Foreign exchange gain and losses
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.

Taxation
Some of the subsidiaries, joint ventures and associates are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of current and deferred tax.

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance income and finance cost
Finance income comprises interest income on funds invested that is recognised in the consolidated statement of profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using effective interest method.

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

Property, plant and equipment

Recognition and measurement
Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any impairment.
Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets include the following:

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Depreciation (continued)

Land lease rights under finance lease	50 years
Buildings	5 – 40 years
Exchange and networks assets	5 – 25 years
Subscriber apparatus and other equipment	2 – 10 years

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets and goodwill (continued)

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

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

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

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

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

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

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

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

Investment property
Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and amortization. Depreciation and amortization of investment properties are computed using the straight line method over the estimated useful lives (EUL) of assets of twenty (20) years.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment property (continued)

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

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

Fair value measurement

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

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

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

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

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

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

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

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

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

Financial instruments
Upon adoption of IFRS 9 – applicable from January 1, 2018
Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value through other comprehensive or fair value through profit and loss, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Debt instruments designated at FVTOCI

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

(iii) Equity instruments designated as at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to consolidated statement of profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in consolidated statement of profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade and other receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default
The Group employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group’s understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

(iv) Measurement and recognition of expected credit losses (continued)
The Group recognises an impairment gain or loss in consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

(v) Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to consolidated statement profit or loss, but is transferred to retained earnings.

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.

Financial liabilities
All financial liabilities are measured either at FVTPL or at amortised cost using the effective interest method.

Financial liabilities at FVTPL
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch consolidated statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in consolidated statement of other comprehensive income are not subsequently reclassified to consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)
Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in consolidated statement of profit or loss.

Financial liabilities measured at amortised cost
Financial liabilities, that are not designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

Financial instruments under IAS 39, applicable before 1 January 2018

(i) Financial assets

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bank balances and cash (continued)
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 amortised 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.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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

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

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

(ii) 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.

Financial liabilities include loans and borrowings and trade payables and accruals.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(iii) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are 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 the consolidated statement of profit or loss.

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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

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

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

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined with reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 34.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (continued)

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

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

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

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

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

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

The fair value of the liability is reassessed on each reporting date and any changes in the fair value of the benefit are 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.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions (continued)

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

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

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

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

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

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

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

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

Segment reporting
Segment results that are reported to the Group's Chief Operating Decision Maker ("CODM") include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Financial information on operating segments is presented in Note 41 to the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting events are discussed on the consolidated financial statements when material.

4 REVENUE

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Revenue from rendering of telecommunication services	**27,895,273**	30,693,109
Sale of telecommunications equipment	**1,747,461**	1,636,762
Revenue from use of assets by others	**283,990**	316,078
	29,926,724	32,645,949
Timing of revenue recognition		
At a point in time	**1,747,461**	1,636,762
Overtime	**28,179,263**	31,009,187
	29,926,724	32,645,949

As permitted under the transitional provisions in IFRS 15, the transaction price allocated to unsatisfied performance obligations as of 31 December 2017 is not disclosed.

Management expects that the transaction price allocated to the unsatisfied contracts as at 31 December 2018, mainly relating to deferred income, will be recognized as revenue during 2019.

5 OPERATING EXPENSES

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Out payments and interconnect charges	**2,445,705**	2,269,579
Regulatory and related fees	**2,446,224**	2,513,226
Rentals and utilities – network	**1,755,657**	1,710,222
Network operation and maintenance	**2,129,052**	2,221,699
Cost of equipment sold and other services	**3,011,024**	3,293,203
Provision for obsolete and slow moving inventories	**15,848**	8,794
	11,803,510	12,016,723

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2018 QR.'000	2017 (Restated) QR.'000
Employee salaries and associated costs	**3,269,380**	3,271,585
Marketing costs and sponsorship	**932,101**	1,060,676
Commission on cards	**594,934**	958,667
Legal and professional fees	**215,816**	259,261
Rental and utilities	**253,226**	262,707
Allowance for impairment of trade receivables	**342,590**	351,339
Repairs and maintenance	**88,698**	76,754
Other expenses	**712,967**	702,612
	6,409,712	6,943,601

7 DEPRECIATION AND AMORTISATION

	2018 QR.'000	2017 QR.'000
Depreciation of property, plant and equipment and investment property	**5,990,497**	6,472,944
Amortisation of intangible assets	**2,010,000**	1,946,690
	8,000,497	8,419,634

8 NET FINANCE COSTS

	2018 QR.'000	2017 QR.'000
Finance cost		
Interest expenses	**1,858,486**	1,841,015
Profit on Islamic financing obligation	**170,965**	175,024
Amortisation of deferred financing costs (note 27)	**93,385**	70,888
Other finance charges	**(29,410)**	4,997
	2,093,426	2,091,924
Finance income		
Interest income	**(360,624)**	(351,144)
Net finance costs	**1,732,802**	1,740,780

9 OTHER INCOME – NET

	2018 QR.'000	2017 (Restated) QR.'000
Foreign currency (loss)/gain – net	**(360,366)**	81,166
Dividend income	**43,750**	28,424
Rental income	**30,003**	30,413
Change in fair value of derivatives – net	**4,516**	(10,539)
Unrealised gain on equity investments at FVTPL	**30,554**	-
Miscellaneous income – net (i)	**720,883**	22,771
	469,340	152,235

i. Miscellaneous income – net includes:
- Gain on loss of control of a subsidiary, and
- Compensation received for performing certain one off ancillary services in Qatar.

10 ROYALTIES AND FEES

	2018	2017
	QR.'000	*QR.'000*
Royalty (i)	**262,603**	307,810
Industry fees (ii)	**206,763**	234,679
Other statutory fees (iii)	**19,790**	22,235
	489,156	564,724

i. Royalty is payable to the Government of the Sultanate of Oman based on 12% (2017: 12%) of the net of predefined sources of revenue and operating expenses.

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

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

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Parent by the weighted average number of shares outstanding during the year. There were no potentially dilutive shares outstanding at any time during the year and therefore, the diluted earnings per share is equal to the basic earnings per share.

	2018	2017 (Restated)
Profit for the year attributable to shareholders of the parent (QR.'000)	**1,565,065**	1,897,311
Weighted average number of shares (in '000)	**320,320**	320,320
Basic and diluted earnings per share (QR.)	**4.89**	5.92

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	*Exchange and networks assets*	*Subscriber apparatus and other equipment*	*Capital work in progress*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Cost					
At 1 January 2017	8,137,158	57,507,744	7,095,644	3,046,114	75,786,660
Additions (i)	82,033	1,032,645	237,744	2,905,570	4,257,992
Transfers	231,099	2,840,113	672,620	(3,743,832)	-
Disposals (ii)	(30,852)	(4,428,819)	(271,294)	(2,107)	(4,733,072)
Reclassification	(3,064)	(17,540)	(21,989)	(5,643)	(48,236)
Related to assets held for sale	(41,233)	(48,337)	(25,659)	-	(115,229)
Exchange adjustment	(145,988)	(466,578)	89,680	(33,136)	(556,022)
At 31 December 2017 (restated)	8,229,153	56,419,228	7,776,746	2,166,966	74,592,093
Additions	270,682	902,183	203,013	3,560,753	4,936,631
Transfers	235,168	1,844,468	486,813	(2,566,449)	-
Disposals	(48,399)	(336,902)	(244,397)	(34)	(629,732)
Impairment	-	-	-	(29,571)	(29,571)
Reclassification	2,949	446,288	(225,151)	(211,125)	12,961
Exchange adjustment	(330,921)	(2,225,290)	(328,233)	(95,432)	(2,979,876)
At 31 December 2018	**8,358,632**	**57,049,975**	**7,668,791**	**2,825,108**	**75,902,506**
Accumulated depreciation					
At 1 January 2017	3,950,761	34,482,195	4,903,699	-	43,336,655
Provided during the year	506,301	5,133,814	824,701	-	6,464,816
Disposals (ii)	(25,919)	(3,960,785)	(236,283)	-	(4,222,987)
Reclassification	523	(1,670)	(11,482)	-	(12,629)
Related to assets held for sale	(9,329)	(31,953)	(18,381)	-	(59,663)
Exchange adjustment	(25,070)	(331,447)	(31,889)	-	(388,406)
At 31 December 2017 (restated)	4,397,267	35,290,154	5,430,365	-	45,117,786
Provided during the year	495,931	4,682,232	804,206	-	5,982,369
Disposals	(26,756)	(358,027)	(131,233)	-	(516,016)
Reclassification	(14,156)	158,811	(131,557)	-	13,098
Impairment	4,006	16,023	-	-	20,029
Exchange adjustment	(216,484)	(1,484,103)	(221,666)	-	(1,922,253)
At 31 December 2018	**4,639,808**	**38,305,090**	**5,750,115**	**-**	**48,695,013**
Carrying value					
At 31 December 2018	**3,718,824**	**18,744,885**	**1,918,676**	**2,825,108**	**27,207,493**
At 31 December 2017	3,831,886	21,129,074	2,346,381	2,166,966	29,474,307

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

ii) In 2017, the Group had entered into a non-cash transaction for exchange of certain property, plant and equipment.

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

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

iv) Asiacell reached an agreement with a local bank wherein it received properties in exchange for the equivalent value of the bank deposits. As at 31 December 2018, Asiacell had received parcels of lands and buildings located in Baghdad and Sulaymaniah amounting to QR. 440,440 thousand. Currently, the legal title is transferred to a related party of Asiacell and it will be transferred in the name of Asiacell upon completing legal formalities. However, the Group has obtained an indemnity letter from the related party that these assets are under the Group's control and the ownership will be transferred upon completing the legal formalities. During the year Asiacell appointed a third party consultant to review the status of these properties.

v) Certain property, plant and equipment amounting to QR. 295,928 thousand (2017: QR. 318,691 thousand) are used as collaterals to secure the Group's borrowings.

13 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	*License costs*	*Customer contracts and related customer relationship*	*Brand/ Trade names*	*IRU, software and other intangibles*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Cost						
At 1 January 2017	9,823,416	28,461,990	660,569	2,671,344	2,962,612	44,579,931
Additions	-	522,531	-	-	740,032	1,262,563
Disposals	-	-	-	-	(779)	(779)
Reclassification	-	-	-	-	48,236	48,236
Related to assets held for sale	-	-	-	-	(36,105)	(36,105)
Exchange adjustment	(147,340)	(45,058)	(8,542)	(8,093)	(29,396)	(238,429)
At 31 December 2017 (restated)	9,676,076	28,939,463	652,027	2,663,251	3,684,600	45,615,417
Additions	-	1,101,677	-	-	207,193	1,308,870
Disposals	-	-	-	-	(27,930)	(27,930)
Reclassification	-	-	-	-	(12,961)	(12,961)
Exchange adjustment	(662,179)	(1,126,041)	(47,716)	(123,921)	(54,282)	(2,014,139)
At 31 December 2018	**9,013,897**	**28,915,099**	**604,311**	**2,539,330**	**3,796,620**	**44,869,257**

13 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

	Goodwill	*License costs*	*Customer contracts and related customer relationship*	*Brand/ Trade names*	*IRU, software and other intangibles*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Accumulated amortization and impairment losses						
At 1 January 2017	591,484	10,257,554	658,207	1,443,288	2,012,244	14,962,777
			-	-		
Amortisation during the year	-	1,551,250	1,019	87,974	306,447	1,946,690
Reversal of impairment	-	-	-	-	(8,265)	(8,265)
Disposals	-	-	-	-	(779)	(779)
Reclassification	-	-	-	-	12,629	12,629
Related to asset held for sale					(20,075)	(20,075)
Exchange adjustment	(12,638)	(30,837)	(8,565)	(5,227)	(25,276)	(82,543)
At 31 December 2017 (restated)	578,846	11,777,967	650,661	1,526,035	2,276,925	16,810,434
Amortisation during the year	-	1,612,513	1,024	83,893	312,570	2,010,000
Disposals	-	-	-	-	(24,890)	(24,890)
Reclassification	-	-	-	-	(13,098)	(13,098)
Impairment	9,760	-	-	-		9,760
Exchange adjustment	(45,656)	(377,506)	(47,714)	(63,816)	(44,943)	(579,635)
At 31 December 2018	**542,950**	**13,012,974**	**603,971**	**1,546,112**	**2,506,564**	**18,212,571**
Carrying value						
At 31 December 2018	**8,470,947**	**15,902,125**	**340**	**993,218**	**1,290,056**	**26,656,686**
At 31 December 2017	9,097,230	17,161,496	1,366	1,137,216	1,407,675	28,804,983

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 2018**	Carrying value 2017
	QR.'000	*QR.'000*
Ooredoo Kuwait	**586,767**	589,583
Ooredoo Algeria	**2,122,379**	2,132,565
Ooredoo Tunisie	**2,331,651**	2,747,512
Indosat Ooredoo	**3,035,030**	3,222,548
Asiacell, Iraq	**353,408**	353,408
Ooredoo Maldives	**29,689**	29,831
Others	**12,023**	21,783
	8,470,947	9,097,230

Goodwill was tested for impairment as at 31 December 2018. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by management covering a period of ten years.

Key Assumptions used in value in use calculations

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

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

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

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

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

13. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Key Assumptions used in value in use calculations (continued)

Cash generating units	(Expressed in percentage)			
	Discount rate		Terminal value growth rate	
	2018	2017	**2018**	2017
Ooredoo Kuwait	**8.8%**	8.8%	**2.75%**	2.75%
Ooredoo Algeria	**12.9%**	10.7%	**2.75%**	2.75%
Ooredoo Tunisie	**10.5%**	10.0%	**2.75%**	2.75%
Indosat Ooredoo	**11.0%**	10.5%	**2.75%**	2.75%
Asiacell, Iraq	**12.8%**	14.3%	**2.75%**	2.75%
Ooredoo Myanmar	**16.2%**	16.1%	**4.00%**	4.00%
Ooredoo Maldives	**14.6%**	16.3%	**2.75%**	2.75%

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

	2018	2017
Ooredoo Kuwait	**1.8%**	2.3%
Ooredoo Algeria	**3.2%**	5.7%
Ooredoo Tunisie	**1.0%**	1.1%
Indosat Ooredoo	**3.2%**	6.4%
Asiacell, Iraq	**10.5%**	3.0%
Ooredoo Myanmar	**1.5%**	4.9%
Ooredoo Maldives	**64.4%**	126.4%

14 INVESTMENT PROPERTY

	2018	2017
	QR.'000	*QR.'000*
Cost		
At 1 January	**151,087**	151,087
At 31 December	**151,087**	151,087
Accumulated depreciation		
At 1 January	**90,157**	82,029
Provided during the year	**8,128**	8,128
At 31 December	**98,285**	90,157
Carrying value		
At 31 December	**52,802**	60,930

Investment property comprises of the portion of the Group's head quarter building rented to a related party.

There was a valuation exercise performed by an external valuer, and management believe that the fair value has not significantly changed since the latest valuation. The fair value of Investment property is approximately QR. 77,000 thousand (2017: QR. 77,000 thousand), which is higher than the carrying value at reporting dates. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties/other methods. The fair value hierarchy for valuation of investment property is categorized under level 2.

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

Associate / Joint Venture companies	***Principal activity***	***Classification***	***Country of incorporation***	***Effective ownership***	
				2018	*2017*
Navlink, Inc., a Delaware Corporation	*Managed Service Provider delivering technology solutions in the enterprise data market*	*Associate*	*United States of America*	***38%***	*38%*
Asia Mobile Holdings Pte Ltd (“AMH”)	*Holding company*	*Associate*	*Singapore*	***25%***	*25%*
PT Multi Media Asia Indonesia	*Satellite based telecommunication services*	*Associate*	*Indonesia*	***17%***	*17%*
MEEZA QSTP LLC	*Information technology services*	*Associate*	*Qatar*	***20%***	*20%*
PT Citra Bakti, Indonesia	*Product certification and testing*	*Associate*	*Indonesia*	***9%***	*9%*
Titan Bull Holdings Limited	*Holding Company*	*Associate*	*Cayman Islands*	***18%***	*20%*
Monetix SPA	*Electronic Banking*	*Associate*	*Algeria*	***19%***	*19%*
SB ISAT Fund, L.P.	*Investment Management*	*Associate*	*Cayman Islands*	***28%***	*28%*
PT Palapa Satelit Nusa Sejahtera	*Satellite Telecommunication Operator and Services*	*Associate*	*Indonesia*	***23%***	*23%*
Mountain Indosat Company Ltd ("MCL")	*Business Incubation and Digital Services*	*Associate*	*Hong Kong*	***29%***	*29%*
PT Satera Manajemen Persada Indonesia	*Telecommunication Services and Equipment Provider*	*Associate*	*Indonesia*	***32%***	*32%*
PT Artajasa Pembayaran Elektronis	*Electronic payment services*	*Associate*	*Indonesia*	***26%***	-
Sadeem Telecom	*Telecommunication Services and Investment*	*Joint venture*	*Qatar*	***50%***	*50%*
Asia Internet Holding S.a r.l.,	*Holding Company*	*Joint venture*	*Luxembourg*	***50%***	*50%*
Intaleq Technology Consulting & Services W.L.L	*Technical services for Sports venues and events*	*Joint venture*	*Qatar*	***55%***	-

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

	Associates	**Joint ventures**	**Total**	Associates	Joint ventures	Total
	2018	**2018**	**2018**	2017 (Restated)	2017	2017 (Restated)
	QR.'000	***QR.'000***	***QR.'000***	*QR.'000*	*QR.'000*	*QR.'000*
Group's share of associates and joint ventures statement of financial position:						
Current assets	**1,070,163**	**58,993**	**1,129,156**	913,629	96,779	1,010,408
Non-current assets	**2,897,442**	**68,918**	**2,966,360**	2,487,972	251,456	2,739,428
Current liabilities	**(731,827)**	**(4,460)**	**(736,287)**	(749,183)	(43,759)	(792,942)
Non-current liabilities	**(2,178,034)**	**-**	**(2,178,034)**	(1,995,992)	(30,098)	(2,026,090)
Net assets	**1,057,744**	**123,451**	**1,181,195**	656,426	274,378	930,804
Goodwill	**965,751**	**-**	**965,751**	985,047	203,190	1,188,237
Carrying amount of the investments	**2,023,495**	**123,451**	**2,146,946**	1,641,473	477,568	2,119,041
Group's share of associates' and joint ventures' revenues and results:						
Revenues	**1,772,158**	**1,764**	**1,773,922**	1,665,856	45,766	1,711,622
Share of results – net of tax	**231,380**	**257,357**	**488,737**	105,197	(150,838)	(45,641)

15.1. The significant balance of investment in associates relates to Asia Mobile Holdings Pte Ltd. ("AMH") and PT Artajasa Pembayaran Elektronis. During the year, management has performed impairment assessment of AMH based on the indicators and currently available information. The Group has applied value-in-use approach to determine the recoverable amount of the investment in AMH and no impairment was noted. The Group has used WACC of 7.14%, with a WACC sensitivity of 0.37% and terminal growth rate of 2.29% in their business model. Management has incorporated their effective share in AMH, based on the estimated unaudited financial information of AMH, in the Group's consolidated financial statements.

15.2. One of the Group's joint venture, Asia Internet Holdings S.a.r.l., entered into a Sale and Purchase agreement with a third party for disposal of one of its major subsidiary. The disposal was finalized on 8 May 2018 and has resulted in a gain.

15.3. Based on the investment agreement, the Group has committed to fund Asia Internet Holding (AIH), a joint venture with Rocket Internet. In 2017, the Group has funded QR. 378,838 thousand, however in 2018 the Group has reversed the remaining payable amount of QR. 108,180 thousand committed on the agreement, since the contractual obligation to pay the deferred consideration has been waived.

15.4. During the year the Group recognised an impairment loss allowance of QR. 143,928 thousand, impairing the related goodwill, recorded on acquisition of Asia Internet Holding.

15.5. One of the Group's associate, Titan Bull Holdings entered into a Sale and Purchase agreement with a third party for disposal of its subsidiary. The disposal was finalized on 8 August 2018 and has resulted in a gain on disposal.

15.6. As a result of loss of control of one of its subsidiaries, the Group has accounted PT Artajasa Pembayaran Elektronis as an investment in associate during the year.

16 FINANCIAL ASSETS – EQUITY INSTRUMENTS

	2018	2017
	QR.'000	*QR.'000*
Investment in equity instrument designated at FVTOCI (i)	**855,195**	-
Available for sale investments (ii)	-	812,933
Financial assets measured at FVTPL	**92,042**	-
	947,237	**812,933**

The respective fair value of these investments is disclosed in note 37.

i) The Group have elected to designate these investments in equity instruments as at FVTOCI as these investments are held for medium to long-term strategic purposes and not held for trading. Further, management believe that recognising short-term fluctuations in these investments' fair value in consolidated statement of profit or loss would not be consistent with the Group's strategy.

ii) At 31 December 2017, certain unquoted equity investments amounting to QR. 33,847 thousand were carried at cost less impairments due to non-availability of quoted market prices or other reliable measures of their fair value.

iii) The Group has recorded an impairment loss of QR. nil (2017: QR. 4,772 thousand) on certain equity investments. In the opinion of management, based on the currently available information, there is no evidence of further impairment in the value of these investments.

17 OTHER NON-CURRENT ASSETS

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Prepaid rentals	**304,973**	321,087
Other long term receivables	**461,224**	283,051
Others	**92,797**	97,693
	858,994	701,831

18 INCOME TAX

Income tax represents amounts recognised by subsidiary companies. The major components of income tax expense for the years 2018 and 2017 are:

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Current income tax		
Current income tax charge	**490,673**	714,078
Adjustments in respect of previous years' income tax	**233,103**	177,953
Deferred income tax		
Relating to origination and reversal of temporary differences	**(238,815)**	(118,383)
Income tax included in the consolidated statement of profit or loss	**484,961**	773,648

The Parent company is not subject to income tax in the State of Qatar. The tax rate applicable to the taxable subsidiaries is in the range of 10% to 36% (2017: 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.

18 INCOME TAX (CONTINUED)

Income tax represents amounts recognised by subsidiary companies. The major components of income tax expense for the years 2018 and 2017 are:

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

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Profit before tax	**2,277,691**	3,062,309
Profit of parent and subsidiaries not subject to corporate income tax	**(1,738,481)**	(1,057,687)
Profit of parent and subsidiaries subject to corporate income tax	**539,210**	2,004,622
Add:		
Allowances, accruals and other temporary differences	**880,629**	491,095
Expenses and income that are not subject to corporate tax	**1,086,893**	997,144
Depreciation – net of accounting and tax	**200,994**	181,248
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**2,707,726**	3,674,109
Income tax charge at the effective income tax rate of 18% (2017: 19%)	**490,673**	714,078

	Consolidated statement of financial position		*Consolidated statement of profit or loss*	
	2018	2017 (Restated)	**2018**	2017 (Restated)
	QR.'000	*QR.'000*	***QR.'000***	*QR.'000*
Accelerated depreciation for tax purposes	**54,497**	(25,394)	**87,792**	9,556
Losses available to offset against future taxable income	**216,119**	(92)	**241,450**	(139)
Allowances, accruals and other temporary differences	**270,295**	366,802	**(113,988)**	83,926
Deferred tax origination on purchase price allocation	**(329,279)**	(374,282)	**23,561**	25,040
Deferred tax (liability) / deferred tax income – net	**211,632**	(32,966)	**238,815**	118,383

Reflected in the consolidated statement of financial position as follows:

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Deferred tax asset	**569,892**	341,648
Deferred tax liability	**(358,260)**	(374,614)
	211,632	(32,966)

18 INCOME TAX (CONTINUED)

Movement of deferred tax liability – net

	2018	2017 (Restated)
	QR.'000	*QR.'000*
At 1 January	**32,966**	152,253
Initial adoption of IFRS 15	**(23,345)**	-
Initial adoption of IFRS 9	**(2,759)**	-
Deferred tax income during the year	**(238,815)**	(118,383)
Deferred tax on other comprehensive income	**18,018**	(7,635)
Related to asset held for sale	-	(2,283)
Exchange adjustment	**2,303**	9,014
At 31 December	**(211,632)**	32,966

19 CONTRACT COSTS AND ASSETS

	31 December 2018	1 January 2018
	QR. '000	*QR.'000*
Current	**312,070**	308,159
Non-Current	**151,806**	70,543
	463,876	378,702

Contract costs and assets primary relates to the Group's right on consideration for goods and services provided but not billed at the reporting date. The Group has determined that contract costs and assets are to be recognised at the performance obligation level and not at the contract level.

20 INVENTORIES

	2018	2017
	QR.'000	*QR.'000*
Subscribers' equipment	**429,323**	436,209
Other equipment	**238,876**	266,950
Cables and transmission equipment	**81,131**	84,657
	749,330	787,816
Less: Provision for obsolete and slow moving inventories	**(106,269)**	(108,193)
	643,061	679,623

Inventories consumed are recognised as expense and included under operating expenses. These amounted to QR. 1,890,677 thousand (2017: QR. 2,260,853 thousand).

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

	2018	2017
	QR.'000	*QR.'000*
At 1 January	**108,193**	129,121
Provided during the year	**15,848**	8,794
Amounts reversed (written off)	**(15,400)**	(28,699)
Exchange adjustment	**(2,372)**	(1,023)
At 31 December	**106,269**	108,193

21 TRADE AND OTHER RECEIVABLES

	2018 *QR.'000*	2017 (Restated) *QR.'000*
Trade receivables – net of impairment allowances	**3,128,879**	3,499,848
Other receivables and prepayments – net of impairment allowances	**4,000,871**	3,464,480
Unbilled subscribers revenue	**518,543**	603,026
Amounts due from international carriers – net	**584,673**	344,780
Positive fair value of derivatives contracts	**264**	241
Net prepaid pension costs	**313**	226
	8,233,543	7,912,601

At 31 December 2018, trade receivables amounting to QR. 1,688,461 thousand (2017: QR. 1,502,363 thousand) were impaired and fully provided for.

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

	2018 *QR.'000*	2017 *QR.'000*
At 1 January	**1,502,363**	1,199,188
Adjustment on application of IFRS 9	**56,831**	**-**
Charge for the year	**342,590**	351,339
Amounts written off	**(70,015)**	(41,202)
Amounts recovered	**(39,901)**	**-**
Related to asset held for sale	-	(135)
Exchange adjustment	**(103,407)**	(6,827)
At 31 December	**1,688,461**	1,502,363

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

			Past due, not impaired			
	Total QR. '000	*Neither past due nor impaired QR. '000*	*30-60 Days QR. '000*	*60-90 Days QR. '000*	*90-360 Days QR. '000*	*> 360 Days QR. '000*
2018	3,128,879	**1,092,456**	**321,716**	**174,670**	**621,073**	**918,964**
2017	3,499,848	1,285,741	437,803	312,967	952,556	510,781

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.

The average credit period on sales of goods and rendering of services varies from 30 to 90 days depending on the type of customer and local market conditions. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of QR. 342,590 thousand against all receivables.

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade receivables – days past due				
31 December 2018	**30 – 60 days**	**60-90 days**	**90-360**	**Over 365 days**	**Total**
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
Expected credit loss rate	1%	11%	11%	6%	
Estimated total gross carrying amount at default	978,963	456,684	1,744,584	1,637,109	4,817,340
Lifetime ECL	6,900	50,800	192,102	92,788	342,590

	Trade receivables – days past due				
1 January 2018	30 – 60 days	60-90 days	90-360	Over 365 days	Total
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Expected credit loss rate	1%	1%	3%	0%	
Estimated total gross carrying amount at default	1,311,150	460,505	1,548,554	1,682,002	5,002,211
Lifetime ECL	7,655	4,677	45,654	(1,155)	56,831

The below table shows the collective assessment of movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Total
	QR.'000
Balance as at 1 January 2018 under IAS 39	1,502,363
Adjustment upon application of IFRS 9	56,831
Balance as at 1 January 2018 – As restated	1,559,194
Net remeasurement of loss allowance	342,590
Amounts written off	(70,015)
Amounts recovered	(39,901)
Foreign exchange gains and losses	(103,407)
Balance as at 31 December 2018	**1,688,461**

22 CASH AND CASH EQUIVALENTS

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

	Note	**2018** ***QR.'000***	2017 *QR.'000*
Bank balances and cash – net of impairment allowance	(i),(ii)	**17,493,273**	18,390,694
Bank overdraft		**(69,388)**	-
		17,423,885	18,390,694
Less:			
Deposits with maturity of more than three months	(iii)	**(99,134)**	(519,256)
Restricted deposits	(iv)	**(791,609)**	(843,258)
		16,533,142	17,028,180
Related to assets held for sale		-	67,422
Cash and cash equivalents as per consolidated statement of cash flows at 31 December		**16,533,142**	17,095,602

22 CASH AND CASH EQUIVALENTS (CONTINUED)

(i) Bank balances and cash equivalents include deposits maturing after three months amounting to QR. 5,625,000 thousand (2017: QR. 7,513,000 thousand). The Group is of the opinion that these deposits are readily convertible to cash and are held to meet short-term commitments. The Group recorded QR. 8,704 thousand (2017: nil) provision for impairment.

(ii) Deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest on the respective deposit rates ranging from 0.50% to 12.52% (2017: 0.50% to 9.50%).

(iii) Deposits with maturity of more than three months were reclassified from bank balances and cash.

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

Also in 2016, Asiacell has transferred its cash from its current bank account to restricted account amounting QR. 104,345 thousand. Asiacell is in the process of reaching a settlement agreement with the bank. The remaining balance pertains to certain restricted bank deposits maintained for dividend payments and the restricted cash related to the derivative financial instruments between the Group and a local bank.

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

Non-cash transactions

- The Group availed non-cash discount on the purchases of property, plant and equipment from a supplier amounting to QR. 72.4 million.
- Gain on loss of control of a subsidiary amounting to QR. 236.0 million, which pertains to fair value gain as a result of deconsolidation.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is impairment and have recorded QR. 8,704 thousand (2017: nil) as loss allowances on these balances.

23 SHARE CAPITAL

	2018		2017	
	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

24 RESERVES

a) Legal reserve

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

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

24 RESERVES (CONTINUED)

b) Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of financial assets - equity instruments at FVTOCI (2017: available-for-sale investments) and effective portion of qualifying cash flow hedges.

	2018	2017
	QR.'000	*QR.'000*
Fair value reserve of financial assets - equity instruments at FVTOCI (2017: available for sale investments)	**593,579**	514,323
Cash flow hedge reserve	**12,720**	8,550
	606,299	522,873

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

d) Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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

25 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments		
Gain/(loss) arising during the year	-	62,642
Reclassification to profit or loss	-	(1,295)
Transfer to profit or loss on impairment	-	4,772
	-	66,119
Cash flow hedges		
Gain arising during the year	**146**	117
Deferred tax effect	**(4)**	(36)
	142	81
Share of changes in fair value of cash flow hedges	**4,081**	(6,585)
Foreign exchange reserve		
Foreign exchange translation differences – foreign operations	**(1,712,009)**	(39,356)
	(1,712,009)	(39,356)

25 COMPONENTS OF OTHER COMPREHENSIVE INCOME (CONTINUED)

	2018	2017 (Restated)
	QR.'000	*QR.'000*
Items that will not be reclassified subsequently to profit or loss		
Fair value reserve		
Changes in fair value of equity investments at fair value through other comprehensive income	**29,723**	-
	29,723	-
Employees' benefit reserve		
Net movement in employee benefit reserve	**72,258**	(30,717)
Deferred tax effect	**(18,014)**	7,671
	54,244	(23,046)
Other comprehensive loss for the year – net of tax	**(1,623,819)**	(2,787)

26 DEFERRED INCOME

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

27 LOANS AND BORROWINGS

Presented in the consolidated statement of financial position as:

	2018	2017
	QR.'000	*QR.'000*
Non-current liabilities		
Secured loan	**198,349**	459,218
Unsecured loan	**9,068,482**	11,150,383
Islamic Finance	**335,200**	456,946
Bonds	**18,043,377**	20,785,401
Less: Deferred financing costs	**(165,967)**	(240,298)
	27,479,441	32,611,650
Current liabilities		
Secured loan	**225,597**	297,725
Unsecured loan	**5,684,028**	1,594,315
Islamic Finance	**95,158**	4,637,872
Bonds	**3,246,532**	762,202
Bank overdraft	**69,388**	-
Less: Deferred financing costs	**(40,783)**	(48,420)
	9,279,920	7,243,694
	36,759,361	39,855,344

27 LOANS AND BORROWINGS (CONTINUED)

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

	2018	2017
	QR.'000	*QR.'000*
At 1 January	**288,718**	351,644
Additions during the year	**12,949**	8,076
Amortised during the year (note 8)	**(93,385)**	(70,888)
Exchange adjustment	**(1,532)**	(114)
At 31 December	**206,750**	288,718

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

Type	*Currency*	*Nominal Interest / Profit rate*	*Year of maturity*	***2018***	*2017*
				QR.'000	*QR.'000*
Unsecured loan	USD	LIBOR plus 2.95%-5.85%	On demand - Oct 23	**12,285,774**	11,358,216
Unsecured loan	TND	TMM Rate + 1.10% - 1.75%	Jun 18 - Mar 21	**355,203**	489,283
Unsecured loan	KWD	CBK +0.39% - 0.4%	Jan – Jun 19	**685,219**	-
Unsecured loan	MMK	10.5% - 11%	Jun – Dec 19	**141,290**	-
Unsecured loan	IDR	2.00% - 9.5%	Apr 18 – Feb 24	**1,285,025**	482,407
Secured loan	USD	to LIBOR +5.25% - 5.69%	Sep 18 - Sep 24	**241,979**	329,897
Secured loan	DZD	4.5% to 5.5%	Jun 19 – Sep 19	**177,614**	427,046
Secured loan	KWD	3.14% to 3.15%	Jan 18 - Apr 18	-	414,792
Secured loan	OMR	LIBOR +2.25%	Jun 18	**4,353**	-
Islamic Finance loan	IDR	7.00% - 11.20%	Jun 18 - Jun 25	**430,357**	540,832
Islamic Finance loan	USD	3.04%	Dec-18	**-**	4,551,877
Islamic Finance loan	KWD	7.00%	Jul-18	**-**	2,109
Bonds	USD	3.25% - 7.88%	Jun 19 - Jan 43	**17,661,282**	17,661,282
Bonds	IDR	6.15% - 11.20%	Jun 18 – Sept 26	**3,628,627**	3,886,321
Bank overdraft	DZD	4.50%	Jun 19	**69,388**	-
				36,966,111	40,144,062
Less: Deferred financing costs				**(206,750)**	(288,718)
Total				**36,759,361**	39,855,344

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

(ii) Secured loans and borrowings are secured against bank balances, property plant and equipment amounting to QR. 295,928 thousand (2017: QR. 318,691 thousand) and cash collateral.

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

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

28 EMPLOYEES' BENEFITS

	2018	2017
	QR.'000	*QR.'000*
Employees' end of service benefits	**476,252**	458,035
Post-retirement health care plan	**132,458**	196,898
Cash settled share based payments	**187,561**	232,118
Defined benefit pension plan/Labour Law No. 13/2003	**93,493**	120,147
Other employee benefits	**12,391**	14,863
Total employee benefits	**902,155**	1,022,061
Current portion of cash settled share based payments (note 29)	**(76,544)**	(133,473)
Employee benefits – non current	**825,611**	888,588

Movement in the provision for employee benefits are as follows:

	2018	2017
	QR.'000	*QR.'000*
At 1 January	**1,022,061**	1,099,095
Provided during the year	**213,291**	162,785
Paid during the year	**(236,098)**	(272,110)
Other comprehensive (loss)/income	**(72,258)**	30,717
Exchange adjustment	**(24,841)**	1,574
At 31 December	**902,155**	1,022,061

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

Plan A - Post-retirement healthcare plan
One of the subsidiaries, Indosat provides post-retirement healthcare benefits to its employees who leave after the employees fulfill the early retirement requirement. The immediate family of employees who have been officially registered in the records of the company are also eligible to receive benefits.

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

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

Based on the agreement, a participating employee will receive:

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

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

28 EMPLOYEES' 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.

	2018			2017		
	Plan A	**Plan B**	**Plan C**	Plan A	Plan B	Plan C
Annual discount rate	**8.5%**	**8.25% - 8.5%**	**8.0% -8.5%**	7.5%	7.0% - 7.25%	8.0% -8.5%
Ultimate cost trend rate	**6.0%**	-	-	6.0%	-	-
Next year trend rate	**10.0%**	-	-	10.0%	-	-
Period to reach ultimate cost trend rate	**8 Years**	-	-	8 Years	-	-
Increase in compensation	-	**6.5%**	**3.0% - 9.0%**	-	6.5%	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.

	2018			2017		
	Plan A	**Plan B**	**Plan C**	Plan A	Plan B	Plan C
	QR.'000	***QR.'000***	***QR.'000***	*QR.'000*	*QR.'000*	*QR.'000*
At 1 January	**201,714**	**122,562**	**(14,070)**	226,948	101,682	(15,457)
Included in profit or loss						
Interest cost	**13,882**	**7,207**	**(5,008)**	19,036	8,281	(5,536)
Service cost	**6,052**	**11,870**	**5,876**	7,508	11,229	6,285
Curtailment gain	**(10,488)**	**-**	**-**	(68,733)	-	-
Immediate recognition of past service cost – vested benefit	**-**	**(10,449)**	**72**	-	(2,251)	450
Cost of employee transfer	**-**	**46,170**	**-**	-	-	-
	9,446	**54,798**	**940**	(42,189)	17,259	1,199
Included in other comprehensive income						
Other comprehensive income	**(55,578)**	**(18,820)**	**2,140**	24,363	6,044	310
Other movements						
Contribution	-	-	**(179)**	-	-	(330)
Benefit payment	**(7,128)**	**(54,125)**	-	(5,475)	(2,534)	-
Refund	-	-	**726**	-	-	189
Exchange adjustment	**(11,932)**	**(8,262)**	**(392)**	(1,933)	111	19
	(19,060)	**(62,387)**	**155**	(7,408)	(2,423)	(122)
At 31 December	**136,522**	**96,153**	**(10,835)**	201,714	122,562	(14,070)
Current portion	**4,064**	**2,660**	**(313)**	4,816	2,415	(226)
Non-current portion	**132,458**	**93,493**	**(10,522)**	196,898	120,147	(13,844)

28 EMPLOYEES' BENEFITS (CONTINUED)

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

	2018	2017
Investments in:		
Shares of stocks and properties	29.53%	29.53%
Mutual fund	46.94%	46.94%
Time deposits	10.38%	10.38%
Debt securities	11.87%	11.87%
Others	1.28%	1.28%

Sensitivity analysis on defined benefit obligation

Quantitative sensitivity analysis for each 1% change in the following significant assumptions as of 31 December 2018 are as follows:

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

29 OTHER NON-CURRENT LIABILITIES

	2018	2017
	QR.'000	*QR.'000*
License cost payables (i)	**1,070,994**	686,961
Site restoration provision	**86,013**	79,575
Finance lease liabilities (note 34)	**709,569**	686,046
Deferred gain on finance leases	**91,973**	135,457
Others	**238,956**	371,736
	2,197,505	1,959,775

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

30 TRADE AND OTHER PAYABLES

	2018	2017
	QR.'000	*QR.'000*
Trade payables	**3,456,452**	3,131,630
Accrued expenses	**6,484,202**	6,443,633
Interest payable	**375,234**	371,157
Profit payable on Islamic financing obligation	**3,067**	14,651
License costs payable	**414,028**	336,605
Amounts due to international carriers -net	**470,024**	451,145
Negative fair value of derivatives	**83,273**	45,338
Finance lease liabilities (note 34)	**177,969**	154,462
Cash settled share based payments (note 28)	**76,544**	133,473
Other payables	**1,789,558**	2,429,925
	13,330,351	13,512,019

31 CONTRACT LIABILITIES

	31 December 2018	1 January 2018
	QR.'000	*QR.'000*
Current	**145,132**	64,078
Non-current	**14,121**	11,856
	159,253	75,934

(i) A contract liability mainly arises in respect of the Group's customer loyalty points scheme ("loyalty points"). As these loyalty points provide a benefit to customers that they would not receive without entering into a purchase contract, the promise to provide loyalty points to the customer is a separate performance obligation.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisifed) at the reporting date

	2019	**2020**	**2021**	**Total**
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***
Contract liabilities	145,132	13,351	770	159,253

32 DIVIDEND

Dividend paid and proposed

	2018	2017
	QR.'000	*QR.'000*
Declared, accrued and paid during the year Final dividend for 2017, QR. 3.5 per share (2016 : QR. 3.5 per share)	**1,121,120**	1,121,120
Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December) Final dividend for 2018, QR. 2.5 per share (2017 : QR. 3.5 per share)	**800,800**	1,121,120

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

33 DERIVATIVE FINANCIAL INSTUMENTS

Derivatives not designated as hedging instruments

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

	Notional amounts	
	2018	2017
	QR.'000	*QR.'000*
Cross currency swaps	**-**	69,189
Currency forward contracts	**1,636,613**	70,099
Interest rate swaps	**16,095**	32,191
Fair value derivatives	**304,856**	304,567
	1,957,564	476,046

33 DERIVATIVE FINANCIAL INSTUMENTS (CONTINUED)

	Fair values			
	2018		*2017*	
	Positive QR.'000	***Negative QR.'000***	*Positive QR.'000*	*Negative QR.'000*
Cross currency swaps	-	-	2	134
Currency forward contracts	-	**9,278**	**-**	312
Interest rate swaps	-	**223**	**-**	1,049
Fair value derivatives	-	**73,772**	**-**	43,722
	-	**83,273**	2	45,217

At 31 December 2018, the Group has several interest rates swap entered into with a view to limit its floating interest rate term loans and currency forward contract that effectively limits change in exchange rate for a future transaction.

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

	Negative fair value	***Positive fair value***	***Notional Amounts***
	QR.'000	***QR.'000***	***QR.'000***
31 December 2018			
Interest rate swaps	-	**264**	**104,180**
	-	**264**	**104,180**
31 December 2017			
Currency forward contracts	121	**-**	182,075
Interest rate swaps	**-**	239	104,180
	121	239	286,255

34 COMMITMENTS

Capital expenditure commitments

	2018	2017
	QR.'000	*QR.'000*
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**2,818,880**	2,610,737

Operating lease commitments

	2018	2017
	QR.'000	*QR.'000*
Future minimum lease payments:		
Not later than one year	**509,463**	481,206
Later than one year and not later than five years	**1,884,916**	1,844,125
Later than five years	**1,584,387**	2,146,811
Total operating lease expenditure contracted for at 31 December	**3,978,766**	4,472,142

Finance lease commitments

	2018	2017
	QR.'000	*QR.'000*
Amounts under finance leases		
Minimum lease payments		
Not later than one year	**253,601**	229,308
Later than one year and not later than five years	**722,433**	770,458
Later than five years	**156,774**	54,030
	1,132,808	1,053,796
Less: unearned finance income	**(245,270)**	(213,288)
Present value of minimum lease payments	**887,538**	840,508

	Note	**2018**	2017
		QR.'000	*QR.'000*
Present value of minimum lease payments			
Current portion	30	**177,969**	154,462
Non-current portion	29	**709,569**	686,046
		887,538	840,508
Letters of credit		**232,735**	253,428

35 CONTINGENT LIABILITIES

	2018	2017
	QR.'000	*QR.'000*
Letters of guarantees	**570,176**	654,258
Claims against the Group not acknowledged as debts	**6,899**	2,208

35 CONTINGENT LIABILITIES (CONTINUED)

Litigation and claims

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

(a) Proceedings against PT Indosat Mega Media relating to misuse of radio frequencies

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

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

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

On the Supreme Court’s official website, the Supreme Court on 4 November, 2015 issued a verdict (on Criminal Case) that rejected the Judicial Review submitted by the former President Director of IM2. PT Indosat Tbk. is preparing a second judicial review for the Criminal Case.

On 28 March 2016, the former President Director of IM2 and IM2 filed a tort lawsuit of unlawful act against Ministry of Communication and IT (MOCIT) and BPKP at the Central Jakarta District Court. On 22 November 2016, the Central Jakarta District Court dismissed the lawsuit. On 15 August 2017, an appeal was lodged with the Jakarta High Court on which gave a ruling against MOCIT and BPKP, as stated on its official website. Further, MOCIT and BPKP filed an appeal to the Supreme Court against the ruling. On 24 July, 2018, the Supreme Court rejected MOCIT and BPKP’s cassation request.

The Group has provided adequate provision for this case.

(b) Tax demand notices against Asiacell

As at the reporting date, one of the Group’s subsidiaries, Asiacell Communication PJSC (“ACL”) was subject to tax demand notice by the General Commission for Taxes, Iraq (the “GCT”) for the years from 2004 to 2007 for an amount of QR. 251.0 million, 2008 amounting to QR. 144 million, 2009-2010 amounting to QR. 250 million, 2011-2012 amounting to QR. 221 million, 2013-2014 amounting to QR. 237 million, 2015-2016 amounting to QR. 186 million and 2017 amounting to QR. 110 million.

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

35 CONTINGENT LIABILITIES (CONTINUED)

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

Consequently the CMC requested the Company to pay a regulatory fee of 18% of gross revenues instead of 15%. The amount requested by CMC was QR. 276 million (USD 76 million) from the period that the CMC is claiming that the Iraqi ownership had changed until the end of first half of 2013. The Company has made an appeal against this claim. On 11 November 2014, the CMC issued a letter notifying the Company that they revised the claim relating to the additional 3% and that the total new amount from June 2012 to 30 June 2014 should be equal to QR. 370.7 million (USD 101.8 million). The Company has a full provision against this claim amounting to QR. 675.9 million (USD 185.6 million). In January 2016, the Erbil Court of Cassation has issued a final decision in favor of the company.

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

In July 2014, Asiacell disputed the CMC's decision and appealed it to the CMC Appeal Board and subsequently to the Iraqi courts on the basis that Asiacell is entitled to benefit from the 3% discount in the regulatory fee as it's an Iraqi Company with a majority Iraqi Shareholder. The dispute progressed from the Court of First Instance to the Kurdistan Court of Cassation, which, on 27 January 2016, ruled in favor of Asiacell and concluded that the CMC is not entitled to apply the 18% license fee to Asiacell as it is an Iraqi company with Iraqis owning more than 84% of its shares. Asiacell implemented the court decision at the Karadda Execution Office in Baghdad.

In June 2017, the Iraqi Ministry of Finance raised a "third party objection" case at Erbil Court against its own decision. On 9 August 2017, the Court dismissed the objection and confirmed its past decision. After an appeal, the Cassation Court, on 17 October 2017, ruled against the Ministry of Finance and confirmed the decision in favor of Asiacell.

The Company has a full provision, as at 31 December 2018, against this claim.

(d) Proceedings against Asiacell relating to frequency spectrum fee
On 10 September 2014, the Communication and Media Commission (CMC) issued a letter notifying the Company to pay frequency spectrum usage fees of QR. 224.1 million (USD 61.7 million) for the period from the date frequencies were allocated to the Company to 31 December 2013. The Company has made an appeal against this claim. The CMC has not provided the method of calculation and the Company is disputing the basis for its calculation.

In January 2015, Asiacell appealed the CMC 2014 decision to the CMC's Appeal Board, which dismissed the CMC 2014 decision and instructed to determine the spectrum fees in coordination with Asiacell and best international practices.

On 29 June 2016, CMC sent a new letter to Asiacell asking it to pay the total amount of QR. 167.5 million (USD 45.7 million) and in response to the CMC letter, Asiacell committed itself to pay an adjusted amount and in December 2016 paid an amount QR. 163 million (USD 44.8 million) to CMC. This proceeding is considered closed from a legal perspective.

(e) Deduction disallowed in corporate income tax assessment
On 20 November 2014, Indosat received an assessment letter of tax overpayment ("SKPLB") from the DGT where, the DGT made a correction totaling QR. 84 million (having a Corporate Tax impact of QR. 21 million), which decreased the tax loss carried forward as of 31 December 2012. On 18 February 2015, Indosat submitted an objection letter to the Tax Office regarding the above correction. The tax objection was declined by the Tax Authority, and Indosat has filed an appeal with the Tax Court.

On 27 December 2013, Indosat received the assessment letter on tax underpayment ("SKPKB") from the DGT for Indosat's 2007 and 2008 corporate income tax amounting to QR. 28 million and QR. 24 million, respectively, which was paid on 24 January 2014. On 20 March 2014, Indosat submitted objection letters to the Tax Office regarding this correction on Indosat's 2007 and 2008 corporate income tax, respectively. The tax objection was declined by the Tax Office and Indosat has filed an appeal with the Tax Court.

35 CONTINGENT LIABILITIES (CONTINUED)

(f) Withholding tax deducted by Indosat at lower rate
On 20 November 2014, Indosat received SKPLBs from the DGT for Indosat's 2012 income tax article 26 amounting to QR. 158 million (including potential penalties). On 18 February 2015, Indosat submitted objection letters to the Tax Office regarding the correction that was declined by the Tax Authorities and Indosat has filed an appeal with the Tax Court.

(g) Preliminary tax notification issued on Wataniya Telecom Algeria
In July 2017, the tax authorities started a tax audit covering the period from 2013 to 2016. On 24 December 2018, a final notification for the year 2013 was received by Ooredoo Algeria for QR. 72 million and a temporary tax notification for the years 2014 to 2016 for an amount QR. 374 million.

Ooredoo Algeria has raised an objection against each of these claims. The Group has set up adequate provision against these claims and management is of the view that Ooredoo Algeria has strong grounds to challenge each of these claims.

(h) Tax notification issued to Ooredoo Tunisie
In October 2017, Ooredoo Tunisie received a preliminary tax notification covering the period from 2013-2015. The total amount claimed by Tax Authority is QR. 144 million.

In October 2018, Ooredoo Tunisia has signed a partial agreement settlement with Tax Authorities where tax adjustment of QR. 9 million was accepted and settled and Ooredoo Tunisia has appealed against the balance amount.

36 FINANCIAL RISK MANAGEMENT

Objectives and policies

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

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

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

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

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

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

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 2018, after taking into the effect of interest rate swaps, approximately 60% of the Group's borrowings are at a fixed rate of interest (2017: 69%).

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 +25bp QR.'000	*Consolidated statement of changes in equity +25 bp QR.'000*
At 31 December 2018		
USD LIBOR	**(30,963)**	**260**
Others	**(6,377)**	**-**
At 31 December 2017		
USD LIBOR	(28,162)	716
Others	(2,997)	-

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.

	2018	2017
	QR.'000 Assets (Liabilities)	*QR.'000 Assets (Liabilities)*
Indonesian Rupiah (IDR)	**5,004,099**	5,925,697
Kuwaiti Dinar (KD)	**16,412,642**	17,459,403
US Dollars (USD)	**(2,772,382)**	(6,999,252)
Euro (EUR)	**138,886**	671,426
Great British Pounds (GBP)	**(1,203)**	(1,297)
Tunisian Dinar (TND)	**3,045,083**	3,813,592
Algerian Dinar (DZD)	**1,950,716**	2,143,269
Iraqi Dinar (IQD)	**2,596,834**	2,327,077
Myanmar Kyat (MMK)	**2,483,561**	317,226
Maldivian Rufiyaa (MVR)	**240,335**	228,368
Singapore Dollar (SGD)	**1,505,338**	1,386,083
United Arab Emirates Dirham (AED)	**978,514**	992,647
Others	**3,217**	28,716

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Effect on consolidated statement of profit or loss		*Effect on equity*	
	2018	*2017*	***2018***	*2017*
	+ 10%	*+ 10%*	***+ 10%***	*+ 10%*
	QR.'000	*QR.'000*	***QR.'000***	*QR.'000*
Indonesian Rupiah (IDR)	**-**	-	**500,410**	592,570
Kuwaiti Dinar (KD)	**(2)**	(3)	**1,641,266**	1,745,943
US Dollars (USD)	**(317,089)**	(734,329)	**39,851**	34,404
Euro (EUR)	**1,599**	(933)	**12,290**	68,076
Great British Pounds (GBP)	**(120)**	(130)	**-**	-
Tunisian Dinar (TND)	**-**	6,166	**304,508**	375,194
Algerian Dinar (DZD)	**-**	-	**195,072**	214,327
Iraqi Dinar (IQD)	**23,927**	41,643	**235,757**	191,065
Myanmar Kyat (MMK)	**-**	-	**248,356**	31,723
Maldivian Rufiyaa (MVR)	**-**	-	**24,034**	22,837
Singapore Dollar (SGD)	**(1)**	(14)	**150,535**	138,623
United Arab Emirates Dirham (AED)	**-**	-	**97,851**	99,265

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*
2018		
Abu Dhabi Stock Exchange (ADX)	**10%**	**6**
Indonesia Stock Exchange (IDX)	**10%**	**332**
2017		
Abu Dhabi Stock Exchange (ADX)	10%	297
Indonesia Stock Exchange (IDX)	10%	215

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, financial assets at FVTOCI, financial assets at FVTPL and loans receivable and positive fair value of derivatives.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The Group provides telecommunication services to various customers. It is the Group's policy that all customers who obtain the goods and/or services 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:

	2018	2017
	QR.'000	*QR.'000*
Qatar	**1,406,640**	1,233,654
Other countries	**1,722,239**	2,266,194
	3,128,879	3,499,848

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

	2018	2017
	QR.'000	*QR.'000*
Bank balances (excluding cash)	**17,275,955**	18,168,781
Positive fair value of derivatives	**264**	241
	17,276,219	18,169,022

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks 56% (2017: 60%) of bank balances represents balances maintained with local banks in Qatar with a rating of at least BBB+. Credit risk arising from derivative financial instruments is at any time, limited to those with positive fair values, as recorded on the consolidated statement of financial position. With gross settled derivatives, the Group is also exposed to settlement risk.

	2018	2017
	QR.'000	*QR.'000*
Amounts due from international carriers	**584,673**	344,780
Unbilled subscriber revenue	**518,543**	603,026
	1,103,216	947,806

The exposure of credit risk from amounts due from international carriers is minimal as the amounts are driven by contractual arrangements. For unbilled revenues, this is automatically billed based on the customers billing cycle and thus have a very minimal credit risk.

Credit risk measurement

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk measurement (continued)

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30-90 days, depending on the type of customer and local market conditions, past due in making a contractual payment.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

31 December 2018

	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				QR.'000	*QR.'000*	*QR.'000*
Cash and bank balances	Caa1 – Aa1	N/A	12-month ECL	17,501,977	(8,704)	**17,493,273**
Trade and other receivables (i)	N/A	Note (i)	Lifetime ECL (simplified approach)	4,817,340	(1,688,461)	**3,128,879**

(i) For trade and other receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 21 includes further details on the loss allowance for these assets respectively.

The carrying amount of the Group's financial assets at FVTPL and FVTOCI, as disclosed in note 16, best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's own reserves and bank facilities. The Group's terms of sales require amounts to be paid within 30 to 90 days from the invoice date. The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	On demand	***Less than 1 year***	***1 to 2 years***	***2 to 5 years***	***> 5 years***	***Total***
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
At 31 December 2018						
Loans and borrowings	**69,388**	**10,868,409**	**5,364,455**	**16,390,244**	**12,052,723**	**44,745,219**
Trade payables	-	**3,456,452**	-	-	-	**3,456,452**
License costs payable	-	**443,125**	**426,036**	**468,683**	**706,954**	**2,044,798**
Finance lease liabilities	-	**253,601**	**230,982**	**491,450**	**156,775**	**1,132,808**
Other financial liabilities	-	**629,841**	**197,030**	-	-	**826,871**
	69,388	**15,651,428**	**6,218,503**	**17,350,377**	**12,916,452**	**52,206,148**

	On demand	*Less than 1 year*	*1 to 2 years*	*2 to 5 years*	*> 5 years*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
At 31 December 2017						
Loans and borrowings	-	9,055,005	9,582,496	14,765,075	15,481,354	48,883,930
Trade payables	-	3,131,630	-	-	-	3,131,630
License costs payable	-	351,816	281,146	268,775	399,067	1,300,804
Finance lease liabilities	-	229,308	215,790	554,668	54,030	1,053,796
Other financial liabilities	-	629,956	178,220	-	-	808,176
	-	13,397,715	10,257,652	15,588,518	15,934,451	55,178,336

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2018 and 31 December 2017.

Capital includes share capital, legal reserve, other statutory reserves and retained earnings and is measured at QR. 28,177,687 thousand at 31 December 2018 (2017: QR. 29,585,110 thousand).

The Group's management reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio as at 31 December 2018 is 68% (2017: 73%).

Gearing ratio

The gearing ratio at year end was as follows:

	2018	2017
	QR.'000	*QR.'000*
Debt (i)	**36,759,361**	39,855,344
Cash and bank balances	**(17,493,273)**	(18,390,694)
Net debt	**19,266,088**	21,464,650
Equity (ii)	**28,177,687**	29,585,110
Net debt to equity ratio	**68%**	73%

(i) Debt is the long term debt obtained as, as detailed in note 27.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

37 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*	
	2018	2017	**2018**	2017
	QR.'000	*QR.'000*	***QR.'000***	*QR.'000*
Financial assets				
Financial assets – equity instruments (2017: available-for-sale investments)	**947,237**	812,933	**947,237**	812,933
Trade and other receivables	**4,232,359**	4,447,895	**4,232,359**	4,447,895
Bank balances and cash	**17,493,273**	18,390,694	**17,493,273**	18,390,694
Financial liabilities				
Loans and borrowings	**36,759,361**	39,855,344	**36,825,982**	40,936,370
Other non-current liabilities	**1,070,994**	686,961	**1,070,994**	686,961
Finance lease liabilities	**887,538**	840,508	**887,538**	840,508
Trade and other payables	**6,668,180**	6,913,924	**6,668,180**	6,913,924
Income tax payable	**1,550,803**	1,321,635	**1,550,803**	1,321,635

37 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. At the end of the reporting period, the carrying amounts of such receivables, net of allowances, approximate their fair values.
- Fair value of quoted investments is based on price quotations at the end of the reporting period. The fair value of loans from banks and other financial debts, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates applicable for similar risks and maturity profiles. Fair values of unquoted financial assets are estimated using appropriate valuation techniques.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward, contracts for differences and currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot and forward rates and interest rate curves.

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 provides the fair value measurement hierarchy of the Group's assets and liabilities at 31 December 2018 and 31 December 2017:

	31 December 2018 QR.'000	*Level 1 QR.'000*	*Level 2 QR.'000*	*Level 3 QR.'000*
Assets:				
Financial assets measured at fair value:				
FVTOCI	**855,195**	-	**236,894**	**618,301**
FVTPL	**92,042**	**3,377**	**88,662**	**3**
Derivative financial instruments	**264**	-	**264**	-
Other assets for which fair value is disclosed				
Trade and other receivables	**4,232,095**	-	-	**4,232,095**
Bank balances and cash	**17,493,273**	-	-	**17,493,273**
	22,672,869	**3,377**	**325,820**	**22,343,672**
Liabilities:				
Other financial liabilities measured at fair value				
Derivative financial instruments	**83,273**	-	**83,273**	-
Cash settled share-based payments	**187,561**	-	**187,561**	-
Other financial liability for which fair value is disclosed				
Loans and borrowings	**36,825,982**	**21,693,684**	**15,132,298**	-
	37,096,816	**21,693,684**	**15,403,132**	-

37 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2017 QR.'000	*Level 1 QR.'000*	*Level 2 QR.'000*	*Level 3 QR.'000*
Assets:				
Financial assets measured at fair value:				
Available-for-sale investments	779,086	5,116	227,876	546,094
Derivative financial instruments	241	-	241	-
Other assets for which fair value is disclosed				
Trade and other receivables	4,447,654	-	-	4,447,654
Bank balances and cash	18,390,694	-	-	18,390,694
	23,617,675	5,116	228,117	23,384,442
Liabilities:				
Other financial liabilities measured at fair Value				
Derivative financial instruments	45,338	-	45,338	-
Cash settled share-based payments	232,118	-	232,118	-
Other financial liability for which fair value is disclosed				
Loans and borrowings	40,936,370	27,413,054	13,523,316	-
	41,213,826	27,413,054	13,800,772	-

38 RELATED PARTY DISCLOSURES

Related party transactions and balances

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

a) Transactions with Government and related entities

As stated in Note 1, Qatar Holding L.L.C. is the Parent Company of Ooredoo Q.P.S.C. Group, which is controlled by Qatar Investment Authority. The Group enters into commercial transactions with the Government and other Government related entities in the ordinary course of business, which includes providing telecommunication services, placement of deposits and obtaining credit facilities. All these transactions are at arm's length and in the normal course of business. Following are the significant balances and transactions between the Company and the Government and other Government related entities.

- Trade receivables – net of impairment include an amount of QR. 429,015 thousand (2017: QR. 285,258 thousand) receivable from Government and Government related entities.
- The most significant amount of revenue from a Government related entity was earned from a contract with the Ministry of Foreign Affairs, amounting to QR. 37,031 thousand (2017: QR. 38,192 thousand).
- Industry fee (Note 10) pertains to the industry fee payable to CRA, a Government related entity.

In accordance with IAS 24 (revised 2009) Related Party Disclosures, the Group has elected not to disclose transactions with the Qatar Government and other entities over which the Qatar Government exerts control, joint control or significant influence. The nature of transactions that the Group has with such related parties relates to provision of telecommunication services.

38 RELATED PARTY DISCLOSURE (CONTINUED)

a) 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. 23,884 thousand was proposed for the year ended 31 December 2018 (2017: QR. 25,700 thousand). The compensation and benefits related to key management personnel amounted to QR. 416,519 thousand (2017: QR. 362,785 thousand) and end of service benefits amounted to QR. 14,759 thousand (2017: QR. 17,051 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.

39 SIGNIFICANTACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Classification of investment securities (under IAS 39 - 2017)
Management decides on the acquisition of an investment whether to classify it as available for sale, held-to-maturity or financial assets at fair value through profit or loss. The Group classifies investments as held-to-maturity if it has both the positive intention and ability to hold the investment till maturity. The Group classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through profit or loss. All other investments are classified as available for sale.

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.

Principal versus agent
The Group determines whether it is acting as a principal or an agent, for each of the arrangement, to provide good or service promised to the customer by:

a) identifying the specified goods or services to be provided to the customer; and
b) assessing whether it controls each specified good or service before that good or service is transferred to the customer.

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer while the Group is an agent if the Group's performance obligation is to arrange for the delivery of the specified good or service for another party.

39 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Recognition revenue

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Capitalisation of costs

Management determines whether the Group will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
b) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
c) the costs are expected to be recovered.

Such asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Credit risk measurement

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Credit quality assessments

The Group has mapped its internal credit rating scale to Moody's rating scale as at 31 December 2018.

Contract variations

Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customers in making their judgement.

Contract claims

Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgment related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

Judgements in determining the timing of satisfaction of performance obligations

Per note 4, the Group generally recognise revenue over time as it performs continuous transfer of control of these services to the customers. Because customers simultaneously receives and consumes the benefits provided by these services and the control transfer takes place over time, revenue is also recognised based on the extent of service transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these services as well as the nature of its performance.

For performance obligations satisfied at a point in time, the Group considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

39 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Principal versus agent (Upon adoption of IFRS 15, applicable from 1 January 2018)

Significant judgements are made by management when concluding whether the Group is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Group. The assessment requires an analysis of key indicators, specifically whether the Group:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. For example, any sale relating to inventory that is held by the Group, not on consignment, is a strong indicator that the Group is acting as a principal.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant or prolonged decline in the fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount has been determined based on value in use calculations. The cash flows are derived from the budget for the next ten years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount of investment is determined based on the net present value of future cash flows, management assumptions made, including management's expectations of the investment's:

- growth in earnings before interest, tax, depreciation and amortisation ("EBITDA"), calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditures;
- long term growth rates ranges during discrete period and terminal period; and
- the selection of discount rates reflects the risks involved.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer Note 15 for the impairment assessment for investment in an associate.

39 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Impairment of non-financial assets (continued)

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 13).

Useful lives of property, plant and equipment and investment property

The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

Classification of investment property

When determining whether property, plant and equipment should be classified as investment property, the Group assesses whether the property is held to earn rentals for capital appreciation or both. The Group follows the guidance of IAS 40 on classifying its investment property. If the property meets the definition, the Group assesses the suitable basis for allocation for the ratio of leased out area in proportion to the total area of the property, either on the basis of floors or square meter area rented out.

Useful lives of intangible assets

The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the asset.

Provision and contingent liabilities

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

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

Derecognition of financial liability

The Group’s management applies judgment to derecognise a financial liability when situations may arise where a liability is considered unlikely to result in an outflow of economic resources. This is determined when the obligation specified in the contract or otherwise is discharged or cancelled or expires.

Decommissioning liability

The Group records full provision for the future costs of decommissioning for network and other assets. The assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the network assets cease to produce at economically viable rates. This, in turn, will depend upon future technologies, which are inherently uncertain.

39 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

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

Deferred tax assets
Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The Group believes that sufficient taxable profit will be available to allow or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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

Impairment of trade receivables (Financial instruments under IAS 39, applicable before 1 January 2018)
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.

Fair value determination for customer loyalty programmes (IFRIC 13 Revenue recognition, applicable before 1 January 2018)
The Group estimates the fair value of points awarded under its Loyalty programmes, which are within the scope of IFRIC 13, Customer Loyalty Programme, by estimating the weighted average cost for redemption of the points. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

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.

Uncertain tax exposures
In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities or recoverable amount of the claim refund due to ongoing investigations by, or discussions with the various taxation authorities. In determining the amount to be recognized in respect of uncertain tax liability or the recoverable amount of the claim for tax refund related to uncertain tax positions, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and IAS 12, *Income Taxes*.

39 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation of financial information

The Group accounts for its investment in associate using equity accounting as required by IAS 28. For the investment where information is not available at the reporting date, the Group has estimated the financial information based on the historical trends, quarterly financial information, budgets and future forecasts. Management believes that estimated financial information is reasonable.

Customer loyalty programme (Upon adoption of IFRS 15, applicable from 1 January 2018)

Under IFRS 15, the Group will need to allocate a portion of the transaction price to the loyalty programme based on relative stand alone selling price ("SSP"). The adoption of IFRS 15 has only resulted in reallocation of revenues for the prior period in between the services and equipment.

Upon adoption of IFRS 9, applicable from 1 January 2018

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Calculation of loss allowance

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Fair value measurement

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages qualified external valuers to perform the valuation. The management/valuation committee if any works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

40 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 2018	***Asiacell QR.'000***	***NMTC* QR.'000***	***Indosat Ooredoo QR.'000***	***Ooredoo Oman QR.'000***
Non-current assets	**4,990,148**	**10,329,979**	**12,691,503**	**2,934,043**
Current assets	**5,013,416**	**3,608,484**	**1,846,990**	**973,326**
Non-current liabilities	**(126,197)**	**(2,032,396)**	**(6,102,011)**	**(154,813)**
Current liabilities	**(5,348,106)**	**(5,242,438)**	**(5,524,101)**	**(1,317,015)**
Net assets	**4,529,261**	**6,663,629**	**2,912,381**	**2,435,541**
Carrying amount of NCI	**1,627,855**	**1,496,161**	**1,261,330**	**1,100,867**
Revenue	**4,448,836**	**8,017,456**	**5,919,012**	**2,685,125**
Profit	**451,135**	**421,009**	**(529,727)**	**396,514**
Profit allocated to NCI	**162,142**	**73,832**	**(131,933)**	**177,948**

31 December 2017	*Asiacell QR.'000*	*NMTC* QR.'000*	*Indosat Ooredoo QR.'000*	*Ooredoo Oman QR.'000*
Non-current assets	6,186,502	11,864,071	11,767,695	3,035,192
Current assets	3,925,288	4,055,774	2,544,494	731,187
Non-current liabilities	(284,022)	(2,451,786)	(5,853,973)	(193,732)
Current liabilities	(4,762,662)	(6,083,615)	(4,501,306)	(1,306,342)
Net assets	5,065,106	7,384,444	3,956,910	2,266,305
Carrying amount of NCI	1,820,443	1,606,178	1,603,451	1,021,117
Revenue	4,490,037	8,374,088	8,234,267	2,670,143
Profit	111,468	618,262	460,366	293,337
Profit allocated to NCI	40,063	135,424	190,519	131,429

*This includes the Group's subsidiaries with material non-controlling interest (NCI) within NMTC sub-group (Wataniya Telecom Algerie S.P.A. ("Ooredoo Algeria"), Ooredoo Tunisie S.A. (Ooredoo Tunisia), Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("Ooredoo Palestine"), before any intra-group eliminations.

41 SEGMENT INFORMATION

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

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

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

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

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

3. *NMTC group* is a provider of mobile telecommunication services in Kuwait and elsewhere in the Middle East and North African (MENA) region. NMTC group includes balances of Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Algeria, Ooredoo Palestine, Ooredoo Maldives PLC and others. Management believe that presenting NMTC as one segment will provide the most relevant information to the users of the consolidated financial statement of the Group, as NMTC is a public listed company in Kuwait and it presents detailed segment note in its consolidated financial statements, which are publically available.

4. *Indosat Ooredoo* is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia (please refer to note 44 for restatement of prior year balances);

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

6. *Ooredoo Myanmar* is a provider of mobile and fixed telecommunication services in Myanmar; and

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

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

41 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 2018 and 2017:

Year ended 31 December 2018

	Ooredoo Qatar QR.'000	*Asiacell QR.'000*	*NMTC QR.'000*	*Indosat Ooredoo QR.'000*	*Ooredoo Oman QR.'000*	*Ooredoo Myanmar QR.'000*	*Others QR.'000*	*Adjustments and eliminations QR.'000*		*Total QR.'000*
Revenue										
Revenue from rendering of telecom services	7,211,032	4,438,569	6,768,634	5,603,005	2,602,901	1,247,828	23,304	-		27,895,273
Sale of telecommunications equipment	248,826	-	1,092,282	83,472	51,515	2,086	269,280	-		1,747,461
Revenue from use of assets by others	18,504	-	3,595	228,345	23,639	9,907	-	-		283,990
Inter-segment	263,341	10,267	152,945	4,190	7,070	2,500	288,370	(728,683)		-
Total revenue	7,741,703	4,448,836	8,017,456	5,919,012	2,685,125	1,262,321	580,954	(728,683)	(i)	29,926,724
Timing of revenue recognition										
At a point in time	461,936	-	1,092,282	83,472	51,515	2,086	324,210	(268,040)		1,747,461
Over time	7,279,767	4,448,836	6,925,174	5,835,540	2,633,610	1,260,235	256,744	(460,643)		28,179,263
	7,741,703	4,448,836	8,017,456	5,919,012	2,685,125	1,262,321	580,954	(728,683)		29,926,724
Results										
Segment profit / (loss) before tax	2,218,604	765,832	937,560	(676,227)	591,949	(924,950)	(86,891)	(548,186)	(ii)	2,277,691
Depreciation and amortisation	847,102	1,325,475	1,578,559	2,292,705	597,874	796,042	28,288	534,452	(iii)	8,000,497
Net finance costs	943,179	19,934	87,959	627,172	12,156	42,257	145	-		1,732,802

41 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2017

	Ooredoo Qatar QR.'000	*Asiacell QR.'000*	*NMTC QR.'000*	*Indosat Ooredoo QR.'000*	*Ooredoo Oman QR.'000*	*Ooredoo Myanmar QR.'000*	*Others QR.'000*	*Adjustments and eliminations QR.'000*		*Total QR.'000*
Revenue										
Revenue from rendering of telecom services	7,103,651	4,470,862	7,296,815	7,852,339	2,638,239	1,298,095	33,108	-		30,693,109
Sale of telecommunications equipment	229,554	1,355	806,039	51,978	6,522	18,844	522,470	-		1,636,762
Revenue from use of assets by others	18,957	-	49,250	229,600	15,563	2,708	-	-		316,078
Inter-segment	438,479	17,820	221,984	11,267	9,819	3,858	163,107	(866,334)		-
Total revenue	7,790,641	4,490,037	8,374,088	8,145,184	2,670,143	1,323,505	718,685	(866,334)	(i)	32,645,949
Timing of revenue recognition										
At a point in time	596,818	1,355	806,039	51,978	6,522	18,844	522,470	(367,264)		1,636,762
Over time	7,193,823	4,488,682	7,568,049	8,093,206	2,663,621	1,304,661	196,215	(499,070)		31,009,187
	7,790,641	4,490,037	8,374,088	8,145,184	2,670,143	1,323,505	718,685	(866,334)		32,645,949
Results										
Segment profit / (loss) before tax	1,792,635	442,619	1,199,185	578,784	461,417	(503,439)	(383,798)	(525,094)	(ii)	3,062,309
Depreciation and amortisation	861,173	1,415,495	1,680,748	2,536,964	641,317	726,687	32,156	525,094	(iii)	8,419,634
Net finance costs	914,961	37,218	101,924	625,710	19,728	39,854	1,385	-		1,740,780

41 SEGMENT INFORMATION (CONTINUED)

Note:

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

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

	2018	2017
	QR.'000	*QR.'000*
Amortisation of intangibles	**(538,426)**	(525,094)
Impairment of intangibles	**(9,760)**	-
	(548,186)	(525,094)

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

The following table presents segment assets of the Group's operating segments as at 31 December 2018 and 2017.

	Ooredoo Qatar QR.'000	***Asiacell QR.'000***	***NMTC QR.'000***	***Indosat Ooredoo QR.'000***	***Ooredoo Oman QR.'000***	***Ooredoo Myanmar QR.'000***	***Others QR.'000***	***Adjustments and Eliminations QR.'000***	***Total QR.'000***
Segment assets (i)									
At 31 December 2018	**18,693,034**	**9,850,453**	**19,661,685**	**15,256,760**	**3,890,053**	**5,438,759**	**4,037,784**	**8,470,947**	**85,299,475**
At 31 December 2017	19,483,794	9,959,541	21,644,579	15,055,507	3,744,225	6,428,654	4,042,955	9,097,230	89,456,485
Capital expenditure (ii)									
At 31 December 2018	**719,919**	**137,723**	**1,074,675**	**3,099,432**	**497,767**	**707,914**	**8,071**	**-**	**6,245,501**
At 31 December 2017	814,042	202,005	1,359,443	1,899,725	445,888	788,630	10,822	-	5,520,555

Note:

(i) Goodwill amounting to QR. 8,470,947 thousand (31 December 2017: QR. 9,097,230 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 arising from business combinations.

42 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. 49,625 thousand (2017: QR. 41,269 thousand) representing 2.5% of the net profit generated from Qatar Operations.

43 EVENT AFTER THE REPORTING DATE

As per the resolution issued by Qatar Financial Market Authority resolution, issued on 6 January 2019, listed Companies should ensure the nominal values of their share is QR. 1 and such need to be amended in articles of association and legal documents. The Group is in process of scheduling an Extraordinary General Meeting to pass a resolution.

Other than as disclosed in the consolidated financial statements, there are no other material events subsequent to the reporting date, which have a bearing on the understanding of these consolidated financial statements.

44 RESTATEMENT OF PRIOR YEAR FINANCIAL INFORMATION

Management has identified and corrected the following in the consolidated financial statements for the year ended 31 December 2017 by restating each of the affected consolidated financial statements line items for the prior period as per IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and the impact is set out below.

a. During the year, the Group has recorded a prior year adjustment related to revenue and provision for receivables of PT Indosat by restating the related numbers in 2017 consolidated statement of profit or loss and consolidated statement of financial position as at 31 December 2017.

b. The assets and liabilities related to Artajasa Pembayaran Elektronis (“APE”), an indirect subsidiary of Ooredoo through Indosat, have been restated as held for sale in 2017 following the approval by the Extraordinary General Shareholders’ Meeting of APE on 13 October 2017 to divest portion of their investments in APE due to the requirements of local jurisdiction.

44 RESTATEMENT OF PRIOR YEAR FINANCIAL INFORMATION (CONTINUED)

As at December 31, 2017
Consolidated statement of financial position

	As previously reported 31 December 2017	Adjustment	As restated 31 December 2017
	QR.'000	*QR.'000*	*QR.'000*
Assets			
Non-current assets			
Property, plant and equipment	29,529,873	(55,566)	29,474,307
Intangible assets and goodwill	28,821,013	(16,030)	28,804,983
Investment in associates	2,119,936	(895)	2,119,041
Other non-current assets	685,308	16,523	701,831
Deferred tax assets	305,711	35,937	341,648
Current assets			
Trade and other receivables	8,105,264	(192,663)	7,912,601
Bank balances and cash	18,459,188	(68,494)	18,390,694
Assets held for sale	-	157,894	157,894
Equity			
Translation reserve	(6,298,659)	158	(6,298,501)
Retained earnings	12,070,177	(69,204)	12,000,973
Non-controlling interests	6,569,451	(37,179)	6,532,272
Liabilities			
Non-current liabilities			
Deferred tax liabilities	376,897	(2,283)	374,614
Other non-current liabilities	1,963,028	(3,253)	1,959,775
Current liabilities			
Trade and other payables	13,598,427	(86,408)	13,512,019
Income tax payable	1,323,060	(1,425)	1,321,635
Liabilities held for sale	-	76,300	76,300

For the year ended 31 December 2017
Consolidated statement of profit or loss and other comprehensive income

	As previously reported 2017	Adjustment	As restated 2017
	QR.'000	*QR.'000*	*QR.'000*
Revenue	32,735,032	(89,083)	32,645,949
Operating expenses	(12,018,282)	1,559	(12,016,723)
Selling, general and administrative expenses	(6,888,608)	(54,993)	(6,943,601)
Other income – net	144,108	8,127	152,235
Income tax	(801,570)	27,922	(773,648)

45 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2018	*Financing cash flows (i)*	*Non-cash changes (ii)*	*Other changes (iii)*	*31 December 2018*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Loans and borrowings (note 27)	40,144,062	(2,758,391)	-	(419,560)	36,966,111
Deferred financing costs (note 27)	(288,718)	(12,949)	93,385	1,532	(206,750)
Other non-current liabilities (note 29)	1,959,775	295,994	-	(58,264)	2,197,505

Notes:

(i) The financing activities in the statement of cash flows mainly include the cash flows from loans and borrowings and other non-current liabilities.

(ii) The non-cash changes pertain to the amortisation of deferred financing costs.

(iii) Other changes include exchange adjustments and reclassification.