



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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2018**

OOREDOO Q.P.S.C.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the nine-month period ended 30 September 2018

CONTENTS	Page (s)
Independent auditor's review report	--
Condensed consolidated interim financial statements	
Condensed consolidated interim statement of profit or loss	1
Condensed consolidated interim statement of comprehensive income	2
Condensed consolidated interim statement of financial position	3 - 4
Condensed consolidated interim statement of changes in equity	5 - 6
Condensed consolidated interim statement of cash flows	7 - 8
Notes to the condensed consolidated interim financial statements	9 - 37

QR. 83371
RN: 0258/SM/FY2019

INDEPENDENT AUDITOR'S REVIEW REPORT

The Board of Directors
Ooredoo Q.P.S.C.
Doha - Qatar

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Ooredoo Q.P.S.C.** (the "Company") and its subsidiaries (together the "Group") as at 30 September 2018, and the related condensed consolidated interim statements of profit or loss, condensed consolidated interim comprehensive income, condensed consolidated interim changes in equity and condensed consolidated interim cash flows for the nine-month period then ended and summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Doha – Qatar
29 October 2018

For Deloitte & Touche
Qatar Branch



Midhat Salha
Partner

License No. 257
QFMA Auditor License No. 120156



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the nine-month period ended 30 September 2018

	<i>Note</i>	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
		<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
		<i>(Reviewed)</i>		<i>(Reviewed)</i>	
		<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Revenue	22	7,490,008	8,216,953	22,774,779	24,475,989
Operating expenses		(2,902,815)	(2,987,936)	(9,024,355)	(8,896,565)
Selling, general and administrative expenses		(1,724,377)	(1,706,550)	(4,867,197)	(5,127,185)
Depreciation and amortisation		(1,993,298)	(2,125,825)	(6,051,597)	(6,298,736)
Net finance costs		(396,140)	(434,274)	(1,294,089)	(1,308,805)
Net impairment losses on financial assets including contract assets		(173,446)	(897)	(171,344)	(3,952)
Other income / (expenses) – net	4	130,603	(25,271)	292,327	49,673
Share in results of associates and joint ventures – net of tax	9	262,501	(2,739)	453,628	6,533
Royalties and fees	5	(136,929)	(139,011)	(418,662)	(436,076)
Profit before income tax		556,107	794,450	1,693,490	2,460,876
Income tax	14	(123,754)	(211,678)	(385,783)	(571,076)
Profit for the period		432,353	582,772	1,307,707	1,889,800
Profit attributable to:					
Shareholders of the parent		403,200	461,904	1,092,121	1,558,684
Non-controlling interests		29,153	120,868	215,586	331,116
		432,353	582,772	1,307,707	1,889,800
Basic and diluted earnings per share	6				
(Attributable to shareholders of the parent)		1.26	1.44	3.41	4.87
(Expressed in QR. per share)					

The attached notes 1 to 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2018

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
<i>Note</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Profit for the period	432,353	582,772	1,307,707	1,889,800
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Effective portion of changes in fair value of cash flow hedges	18	(32)	75	259
Share of other comprehensive income/(loss) of associates and joint ventures	18	2,665	(1,342)	(6,585)
Foreign currency translation differences	18	(1,103,220)	(151,495)	44,006
Net changes in fair value of available-for-sale investments	18	-	4,423	-
<i>Items that will not to be reclassified subsequently to profit or loss</i>				
Net changes in fair value of equity investments at fair value through other comprehensive income	18	77,387	-	(3,355)
Net changes in fair value of employees benefit reserve	18	270	122	(22,501)
Other comprehensive (loss) / income – net of tax	(1,022,930)	(148,217)	(1,697,283)	35,983
Total comprehensive (loss) / income for the period	(590,577)	434,555	(389,576)	1,925,783
Total comprehensive income attributable to:				
Shareholders of the parent	(519,536)	365,796	(378,650)	1,633,398
Non-controlling interests	(71,041)	68,759	(10,926)	292,385
	(590,577)	434,555	(389,576)	1,925,783

The attached notes 1 to 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION As at 30 September 2018

	<i>Note</i>	30 September 2018 (Reviewed) QR. '000	31 December 2017 (Audited) (Restated) QR. '000
ASSETS			
Non-current assets			
Property, plant and equipment	7	26,340,288	29,474,307
Intangible assets and goodwill	8	27,029,881	28,804,983
Investment property		54,849	60,930
Investment in associates and joint ventures	9	2,107,961	2,119,041
Financial assets - equity instruments	10	899,702	812,933
Other non-current assets		604,184	701,831
Deferred tax assets		449,743	341,648
Contract cost and assets	3(a)	156,518	-
Total non-current assets		57,643,126	62,315,673
Current assets			
Inventories		585,393	679,623
Contract cost and assets	3(a)	240,099	-
Trade and other receivables		8,692,146	7,912,601
Bank balances and cash	11	17,621,648	18,390,694
		27,139,286	26,982,918
Assets held for sale	25(a)	-	157,894
Total current assets		27,139,286	27,140,812
TOTAL ASSETS		84,782,412	89,456,485
EQUITY			
Share capital	12	3,203,200	3,203,200
Legal reserve		12,434,282	12,434,282
Fair value reserve		574,384	522,873
Employees' benefit reserve		(9,876)	(12,497)
Translation reserve	13	(7,775,747)	(6,298,501)
Other statutory reserves		1,202,508	1,202,508
Retained earnings		12,058,614	12,000,973
Equity attributable to shareholders of the parent		21,687,365	23,052,838
Non-controlling interests		6,252,496	6,532,272
Total equity		27,939,861	29,585,110

The attached notes 1 to 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 September 2018

	<i>Note</i>	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) (Restated) QR. '000</i>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	16	25,621,106	32,611,650
Employees benefits		839,261	888,588
Deferred tax liabilities		355,320	374,614
Other non-current liabilities		2,086,214	1,959,775
Contract liabilities		11,045	-
Total non-current liabilities		<u>28,912,946</u>	<u>35,834,627</u>
Current liabilities			
Deferred income		1,882,398	1,883,100
Contract liabilities		111,847	-
Loans and borrowings	16	11,647,221	7,243,694
Trade and other payables	17	12,943,881	13,512,019
Income tax payable		1,344,258	1,321,635
		<u>27,929,605</u>	<u>23,960,448</u>
Liabilities directly associated with assets held for sale	25(b)	-	76,300
Total current liabilities		<u>27,929,605</u>	<u>24,036,748</u>
Total liabilities		<u>56,842,551</u>	<u>59,871,375</u>
TOTAL EQUITY AND LIABILITIES		<u>84,782,412</u>	<u>89,456,485</u>

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

.....
Nasser Rashid Al Humaidi
Member

The attached notes 1 to 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2018

Note	<i>Attributable to shareholders of the parent</i>									
	<i>Share capital</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Employees benefit reserve</i>	<i>Translation reserve</i>	<i>Other statutory reserves</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non – controlling interests</i>	<i>Total equity</i>
	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
At 1 January 2018 (audited)	3,203,200	12,434,282	522,873	(12,497)	(6,298,659)	1,202,508	12,070,177	23,121,884	6,569,451	29,691,335
Restatement	-	-	-	-	158	-	(69,204)	(69,046)	(37,179)	(106,225)
At 1 January 2018 – (restated)	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
Change in accounting policies	-	-	-	-	-	-	240,132	240,132	(4,004)	236,128
Adjustment on initial application of IFRS 15	-	-	(120,818)	-	-	-	25,153	(95,665)	(24,007)	(119,672)
Adjustment on initial application of IFRS 9	-	-	-	-	-	-	-	-	-	-
Adjusted balance as at 1 January 2018*	3,203,200	12,434,282	402,055	(12,497)	(6,298,501)	1,202,508	12,266,258	23,197,305	6,504,261	29,701,566
Profit for the period	-	-	-	-	-	-	1,092,121	1,092,121	215,586	1,307,707
Other comprehensive loss	-	-	3,854	2,621	(1,477,246)	-	-	(1,470,771)	(226,512)	(1,697,283)
Total comprehensive loss for the period	-	-	3,854	2,621	(1,477,246)	-	1,092,121	(378,650)	(10,926)	(389,576)
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	15	-	-	-	-	-	(1,121,120)	(1,121,120)	-	(1,121,120)
Transaction with non-controlling interest, recognised directly in equity										
Change in subsidiary's non-controlling interest	-	-	-	-	-	-	(4,440)	(4,440)	61,396	56,956
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	-	-	-	-	-	-	-	-	(265,699)	(265,699)
Transaction with non-owners of the Group, recognised directly in equity										
Transfer to employee association fund	-	-	-	-	-	-	(1,889)	(1,889)	(358)	(2,247)
At 30 September 2018 (Reviewed)	3,203,200	12,434,282	574,384	(9,876)	(7,775,747)	1,202,508	12,058,614	21,687,365	6,252,496	27,939,861

*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 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2018

Note	Attributable to shareholders of the parent							Total	Non – controlling interests	Total Equity
	Share capital	Legal reserve	Fair value reserve	Employees benefit reserve	Translation reserve	Other statutory reserves	Retained earnings			
	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000			
At 1 January 2017 (audited)	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 period	-	-	-	-	-	-	1,558,684	1,558,684	331,116	1,889,800
Other comprehensive income	-	-	14,307	(14,625)	75,032	-	-	74,714	(38,731)	35,983
Total comprehensive income for the period	-	-	14,307	(14,625)	75,032	-	1,558,684	1,633,398	292,385	1,925,783
Transaction with shareholders of the parent, recognised directly in equity										
Dividend for 2016	15	-	-	-	-	-	(1,121,120)	(1,121,120)	-	(1,121,120)
Transaction with non-controlling interest, recognised directly in equity										
Change in non-controlling interest of a Subsidiary		-	-	-	-	-	69,226	69,226	25,129	94,355
Change in non-controlling interest of Associate		-	-	-	-	-	671	671	-	671
Dividends for 2016		-	-	-	-	-	-	-	(311,526)	(311,526)
Transaction with non-owners of the Group										
Transfer to employee association fund		-	-	-	-	-	(1,857)	(1,857)	(352)	(2,209)
At 30 September 2017 (Reviewed)		3,203,200	12,434,282	476,907	(12,143)	(6,243,996)	1,152,553	11,753,570	6,822,692	29,587,065

The attached notes 1 to 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2018

	<i>For the nine-month period ended</i>	
	<i>30 September</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>	
<i>Note</i>	<i>QR. '000</i>	<i>QR. '000</i>
OPERATING ACTIVITIES		
Profit before income taxes	1,693,490	2,460,876
Adjustments for:		
Depreciation and amortization	6,051,597	6,298,736
Dividend income	(11,273)	(27,418)
Net impairment losses on financial assets	171,344	3,952
Gain on disposal of investments at FVTPL	1	(317)
Changes in fair value of FVTPL investments	(25,205)	-
Gain on loss of control of a subsidiary	(235,969)	-
Gain on disposal of property, plant and equipment	(21,176)	(46,261)
Net finance costs	1,294,089	1,308,805
Provision for employees' benefits	154,130	190,702
Provision for trade receivables	208,477	171,036
Share of results in associates and joint ventures – net of tax	9 (453,628)	(6,533)
Operating profit before working capital changes	8,825,877	10,353,578
Working capital changes:		
Change in inventories	94,230	10,658
Change in trade and other receivables	(1,212,555)	(347,319)
Change in trade and other payables	(560,169)	(1,414,668)
Cash from operations	7,147,383	8,602,249
Finance costs paid	(1,457,837)	(1,487,728)
Employees' benefits paid	(219,018)	(258,159)
Income tax paid	(464,080)	(585,606)
Net cash from operating activities	5,006,448	6,270,756
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,764,744)	(2,116,549)
Acquisition of intangible assets	(1,225,709)	(749,513)
Additional investment in associates	(20,416)	(43,960)
Additional investment in joint ventures	(550)	(79,838)
Additional investment in financial asset at FVTOCI (2017: Available-for-sale financial asset)	(11,666)	(18,935)
Proceeds from disposal of property, plant and equipment	99,743	62,550
Proceeds from disposal of investments at FVTPL (2017: Available-for-sale)	43,229	2,304
Movement in restricted deposits	46,210	(115,863)
Movement in short-term deposits	376,602	(216,000)
Movement in other non-current assets	107,501	(95,787)
Dividend received from associate	356,573	100,206
Dividend received	11,273	27,418
Interest received	264,170	252,274
Net cash used in investing activities	(2,717,784)	(2,991,693)

The attached notes 1 to 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(CONTINUED)**

For the nine-month period ended 30 September 2018

	<i>Note</i>	<i>For the nine-month period ended 30 September</i>	
		<i>2018</i>	<i>2017</i>
		<i>(Reviewed)</i>	
		<i>QR. '000</i>	<i>QR. '000</i>
FINANCING ACTIVITIES			
Proceeds from rights issue of a subsidiary		56,956	-
Proceeds from loans and borrowings		3,782,808	2,971,354
Repayment of loans and borrowings		(5,894,931)	(3,774,991)
Proceeds from IPO transaction		-	94,355
Additions to deferred financing costs		(5,129)	(5,507)
Dividend paid to shareholders of the parent	15	(1,121,120)	(1,121,120)
Dividend paid to non-controlling interests		(265,699)	(311,526)
Movement in other non-current liabilities		195,748	(410,236)
Net cash used in financing activities		(3,251,367)	(2,557,671)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(962,703)	721,392
Effect of exchange rate fluctuations		540,883	5,123
Cash and cash equivalents at 1 January		17,095,602	15,562,730
CASH AND CASH EQUIVALENTS 30 September	11	16,673,782	16,289,245

Please refer to Note 11 for details of non-cash transactions.

The attached notes 1 to 25 form part of these condensed consolidated interim financial statements.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS **For the nine-month period ended 30 September 2018**

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.P.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 Middle East and North African (MENA) region. Qatar Holding L.L.C. is the ultimate Parent Company of the Group.

In line with an amendment issued by Qatar Financial Market Authority (“QFMA”), effective from May 2018, listed entities are required to maintain and implement an effective internal control system in order to comply with its corporate governance code. The Company has taken appropriate steps to comply with the requirements of this amendment.

The condensed consolidated interim financial statements of the Group for nine-month period ended 30 September 2018 were authorised for issuance in accordance with a resolution of the Board of Directors of the Group on 29 October 2018.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the nine-month period ended 30 September 2018 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”).

The condensed consolidated interim financial statements are prepared in Qatari Riyals, which is the Company’s functional and presentation currency and all values are rounded to the nearest thousands (QR.’000) except when otherwise indicated.

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017. In addition, results for the nine-month period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

Judgments, estimates and risk management

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2017, except as mentioned in Note 3.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

(i) New and amended standards adopted by the Group

A number of new and amended standards became applicable for the current reporting period and the Group had to change its accounting policies and made modified retrospective adjustments as a result of adopting the following standards:

- IFRS 9, *Financial Instruments*; and
- IFRS 15 *Revenue from Contracts with Customers*

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any material impact on the Group's accounting policies and did not require any adjustments.

(ii) Revised Standards:

Effective for annual periods beginning on or after 1 January 2018

- IFRS 2 (Revised) *Amendments regarding classification and measurement of share based payment transactions*
- IFRS 7 (Revised) *Amendments relating to disclosures about the initial application of IFRS 9*
- IAS 40 (Revised) *Investment Property – Amendments to paragraph 57*
- Annual Improvements 2014-2016 Cycle *Amendments to IFRS 1 and IAS 28*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

(iii) New and revised standards and interpretations but not yet effective:

Effective for annual periods beginning on or after 1 January 2019

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- IFRS 17 *Insurance contracts*

IFRS 16 *Leases*

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the condensed consolidated interim statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments. However, the Group has not yet determined to what extent these commitments will result in the recognition of assets and liabilities for future payments and how this will affect the Group's profit and classification of cash flows.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES

(i.) IFRS 15 Revenue from Contracts with Customers – Impact of Adoption

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018. The Group has elected not to restate comparative figures but any adjustments to the carrying amounts of assets and liabilities at transition date were recognized in the opening balance of retained earnings and non-controlling interest.

Set out below is the IFRS 15 transition impact disclosure for the Group.

Net impact from the adoption of IFRS 15 as at 1 January 2018 has increased retained earnings by QR. 240,132 thousand, and decreased the non-controlling interest (NCI) by QR. 4,004 thousand:

Particulars	Retained earnings	NCI
	QR. '000	QR. '000
Closing balance (31 December 2017)	12,000,973	6,532,272
<u>Impact on revenue recognition</u>		
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 of time	(461)	(26)
viii. Associate transition impact	97,517	-
<u>Impact on cost recognition</u>		
i. Transit service cost	(408,149)	-
ii. Installation cost and commission to third party dealers	128,376	30,817
iii. Customer loyalty programme	103,132	5,369
iv. Handset cost impact	(1,461)	(291)
v. Other cost recognised over period of time	(15,232)	(6,706)
vi. Royalties and fees on net impact	(6,211)	(319)
vii. Related tax impact	12,042	11,303
viii. Net finance cost	(418)	(225)
Balance as at 1 January 2018 (after IFRS 15 adjustment)	12,241,105	6,528,268



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact on the condensed consolidated interim statement of profit or loss and OCI

For the nine-month period ended 30 September 2018

	As reported	Adjustments	Amounts without adoption of IFRS 15
	QR. '000	QR. '000	QR. '000
Continuing operations			
Revenue	22,774,779	(308,708)	22,466,071
Operating expense	(9,024,355)	234,057	(8,790,298)
Selling, general and administrative expenses	(4,867,197)	(80,943)	(4,948,140)
Depreciation and amortisation	(6,051,597)	(281)	(6,051,878)
Other income – net	292,327	1,935	294,262
Royalties and fees	(418,662)	(452)	(419,114)
Income tax expense	(385,783)	39,263	(346,520)

(ii.) IFRS 15 Revenue from Contracts with Customers – Accounting Policies applied from 1 January 2018

Revenue from transit services

The Group has concluded that it is acting as principal on these arrangements and hence revenue has been 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 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.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii.) IFRS 15 Revenue from Contracts with Customers – Accounting Policies applied from 1 January 2018 (continued)

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.

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 shown separately in the condensed consolidated interim financial statements.

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 and increase/decrease in opening retained earnings.

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 occur 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.

As a result of using this practical expedient, all contracts not yet completed as at 1 January 2018, were reassessed to determine the portion of satisfied and unsatisfied performance obligation and the effect (i.e., a reduction of revenue and an increase in deferred income) was adjusted in the retained earnings opening balance.

I. Impact on the statement of profit or loss

For the year ended 31 December 2017

If the below adjustment was presented under IAS 18, following will be the impact in the condensed interim consolidated statement of profit and loss:

	<u>2017</u> <i>QR. '000</i>
Revenue	(161,874)
Income tax expense	40,469
Net impact	<u>(121,405)</u>



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

II. Impact on the condensed interim consolidated statement of financial position

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

As at 1 January 2018

	Balance as at 31 December 2017	Adjustments	Balance as at 1 January 2018
	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Deferred revenue	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

In accordance with the IFRS 15 requirements, the disclosure of the impact of adoption on condensed interim consolidated statement of financial position and condensed interim consolidated statement of profit or loss is as follows:

As at 30 September 2018

	As reported under IFRS 15	Adjustments	Amounts without adoption of IFRS 15
	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Deferred revenue	1,882,398	(13,218)	1,869,180
Deferred tax	449,743	(3,369)	446,374
Retained earnings	12,058,614	9,849	12,068,463

Applying the practical expedient for all contract modifications that occur before 1 January 2018, the remaining deferred revenue pertaining to the opened performance obligations data are adjusted to retained earnings, including the effect in deferred tax.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

III. Impact on the condensed interim consolidated statement of profit or loss

For the nine-month period ended 30 September 2018

	<u>As reported</u> <i>QR.'000</i>	<u>Adjustments</u> <i>QR.'000</i>	<u>Amounts without adoption of IFRS 15</u> <i>QR.'000</i>
Revenue	22,774,779	(143,324)	22,631,455
Income tax expense	(385,783)	35,766	(350,017)

(iii.) IFRS 9 Financial Instruments – Impact of Adoption

IFRS 9 sets out requirements for recognition and measurement of financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Group has adopted IFRS 9 Financial Instruments from 1 January 2018. 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.

Net impact from the adoption of IFRS 9 as at 1 January 2018 was an increase in retained earnings of QR. 25,153 thousand, decrease in the fair value reserve by QR. 120,818 thousand and decrease in the non-controlling interest by QR. 24,007 thousand:

Particulars

	<u>Retained earnings</u> <i>QR.'000</i>	<u>NCI</u> <i>QR.'000</i>	<u>Fair value reserve</u> <i>QR.'000</i>
Closing balance as at 31 December 2017	12,241,105	6,528,268	522,873
<u>Impact on reclassification and re-measurements</u>			
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
<u>Impact on recognition of Expected Credit Losses</u>			
i. Accounts receivables	(123,224)	(39,227)	-
ii. Bank balance and deposits	(10,168)	(204)	-
iii. Related tax impact	2,339	420	-
Balance as at 1 January 2018 (after IFRS 9 adjustment)	12,266,258	6,504,261	402,055



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(iii.) IFRS 9 Financial Instruments – Impact of Adoption (continued)

Impact on the condensed consolidated interim statement of profit or loss and OCI

For the nine-month period ended 30 September 2018

	As reported QR.'000	Adjustments QR.'000	Amounts without adoption of IFRS 9 QR.'000
Continuing operations			
Selling, general and administrative expenses	(4,867,197)	44,133	(4,823,064)
Net finance costs	(1,294,089)	(645)	(1,294,734)
Other income – net	292,327	(25,205)	267,122
Income tax	(385,783)	7,088	(378,695)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 QR.'000	New carrying amount under IFRS 9 QR.'000
Financial assets					
Equity securities	a	Available for sale	FVTOCI – equity instrument	812,933	795,041
Equity securities	b	Designated as at FVTPL	Mandatorily at FVTPL	-	68,284
Trade and other receivables	c	Loans and receivables	Amortised cost	7,912,601	7,750,150
Cash and cash equivalents		Loans and receivables	Amortised cost	18,390,694	18,380,322

- a. These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVTOCI. The accumulated fair value reserve related to these investments will never be reclassified to the condensed consolidated interim statement of profit or loss.
- b. Under IAS 39, these equity securities were designated as at available-for-sale, because they were valued on a fair value basis and their performance were monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.
- c. Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of QR. 364 thousand in the allowance for impairment over these receivables were recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(iv.) IFRS 9 Financial Instruments– Accounting Policies applied from 1 January 2018

a. Investments and other financial assets

Classification

From 1 January 2018, the Group classified its financial assets in the following categories:

- Those to be measured subsequently at fair value through OCI without recycling;
- Those to be measured subsequently at fair value through profit or loss; and
- Those to be measured at amortised cost.

The Group performed a detailed analysis of its business models for managing financial assets as well as analysing the contractual terms of the cash flows. There were no changes to the classification and measurement of financial liabilities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the condensed consolidated statement of profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. See (iii) below for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in condensed consolidated interim statement of profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the condensed consolidated interim statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from the changes in fair value.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to accounts receivable, bank deposits, financial guarantees and loan commitments. The Group applied a simplified approach to measuring expected credit losses ("ECL").



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(iv.) IFRS 9 Financial Instruments– Accounting Policies applied from 1 January 2018 (continued)

Significant increase in credit risk

When determining the risk of default the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit assessment and including forward-looking information.

Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of 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.

(v) Fair value accounting

The Group accounts for its share in the results, assets and liabilities of one of its joint ventures which is an investment entity and measured at fair value using equity method of accounting.

Changes in judgement, estimate and risk management

Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as fair value through profit or loss or fair value through other comprehensive income or financial assets to be measured at amortized cost.

The Group follows the guidance of IFRS 9 on classifying its investments in securities.

Business models and Solely Payments of Principal and Interest ("SPPI") as significant judgments

Determining the appropriate business models and assessing the SPPI requirements for financial assets may require significant accounting judgement and have a significant impact on the condensed consolidated interim financial statements. Details of the Group's classification of financial assets are given in Note 3a (iii).

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and applicable FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

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.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

3a. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Recognition revenue

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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 if the costs meet all the following criteria:

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

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2017, except for the below:

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 30 September 2018.

4 OTHER INCOME / (EXPENSES) – NET

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	2018	2017	2018	2017
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	QR. '000	<i>QR. '000</i>	QR. '000	<i>QR. '000</i>
Foreign currency (losses) / gains - net	(278,450)	(24,804)	(436,084)	59,710
Dividend income	-	-	11,273	27,418
Rental income	7,331	7,708	22,182	23,250
Change in fair value of derivatives – net	3,172	501	10,962	(9,879)
Gain on investments in securities FVTPL	20,154	-	25,205	-
Fair value (losses) / gain on disposal (i)	-	-	235,969	-
Miscellaneous (expense) / income (ii)	378,396	(8,676)	422,820	(50,826)
	130,603	(25,271)	292,327	49,673

(i) This amount represents fair value gain on loss of control of a subsidiary (note 25).

(ii) Majority of the amount primarily consists of compensation received for performing certain one off ancillary services in Qatar.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

5 ROYALTIES AND FEES

		<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
		2018	2017	2018	2017
		<i>(Reviewed)</i>		<i>(Reviewed)</i>	
		<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Royalty	(i)	80,034	78,244	233,584	230,114
Industry fees	(ii)	54,762	53,416	174,109	183,365
Other statutory fees	(iii)	2,133	7,351	10,969	22,597
		136,929	139,011	418,662	436,076

- 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. The Group provides for a 12.5% (2017:12.5%) industry fee on profits generated from the Group's operations in Qatar.
- 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.

6 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>		
	2018	2017	2018	2017	
		<i>(Reviewed)</i>			
		<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Profit for the period attributable to shareholders of the parent (QR.'000)	403,200	461,904	1,092,121	1,558,684	
Weighted average number of shares (In '000)	320,320	320,320	320,320	320,320	
Basic and diluted earnings per share (QR.)	1.26	1.44	3.41	4.87	



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

7 PROPERTY, PLANT AND EQUIPMENT

	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) (Restated) QR. '000</i>
Net book value at beginning of the period / year	29,474,307	32,450,005
Additions	2,764,744	4,257,992
Disposals	(75,527)	(510,085)
Reclassification	1,426	(35,607)
Reclassification to other non-current assets	(7,770)	-
Depreciation for the period / year	(4,539,719)	(6,464,816)
Exchange adjustment	(1,257,144)	(167,616)
Impairment provision during the period/ year	(20,029)	-
Reclassified to asset held for sale	-	(55,566)
	<u>26,340,288</u>	<u>29,474,307</u>
Carrying value at the end of the period / year	<u>26,340,288</u>	<u>29,474,307</u>

- i) Asiaccell reached an agreement with the local bank wherein Asiaccell received properties in exchange for the equivalent value of the bank deposits. As at 30 September 2018, Asiaccell had received parcels of lands and buildings located in Baghdad and Sulaymaniah amounting to a total amount of QR. 440,440 thousand. Currently, the legal title is transferred to a related party of Asiaccell and it will be transferred in the name of Asiaccell 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.

8 INTANGIBLE ASSETS AND GOODWILL

	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) (Restated) QR. '000</i>
Net book value at beginning of the period / year	28,804,983	29,617,154
Additions	1,127,825	1,262,563
Disposals	(3,040)	-
Reclassification	(1,426)	35,607
Amortisation for the period / year	(1,505,797)	(1,946,690)
Reversal of impairment	-	8,265
Exchange adjustment	(1,382,904)	(155,886)
Impairment during the period/ year	(9,760)	-
Reclassified to asset held for sale	-	(16,030)
	<u>27,029,881</u>	<u>28,804,983</u>
Carrying value at the end of the period / year	<u>27,029,881</u>	<u>28,804,983</u>

- i) Indefeasible rights of use (IRUs) are initially included in capital work in progress under property, plant and equipment once it meets the criteria for recognizing and measuring and subsequently transferred to intangibles once they are ready for intended use.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The following table presents the summarised financial information of the Group's investment in associates and joint ventures.

	<i>30 September 2018 (Reviewed) QR. '000</i>		<i>31 December 2017 (Audited) QR. '000</i>	
Group's share in associates and joint ventures statement of financial position:				
Current assets	1,049,115		1,010,408	
Non-current assets	2,719,066		2,739,428	
Current liabilities	(721,287)		(792,942)	
Non-current liabilities	(1,902,001)		(2,026,090)	
Net assets	1,144,893		930,804	
Goodwill	963,068		1,188,237	
Carrying amount of the investment	2,107,961		2,119,041	
	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Share in revenues of associates and joint ventures	416,358	430,766	1,312,961	1,270,105
Share in results of associates and joint ventures – net of tax	262,501	(2,739)	453,628	6,533

- (i) As a result of loss of control of one of its subsidiaries, the Group has accounted PT Artajasa Pembayaran Elektronik as an investment in associate during this quarter (previously presented as asset held for sale).
- (ii) 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 on disposal.
- (iii) 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.
- (iv) Intaleq Technology Consulting Services is a registered limited liability incorporated in the State of Qatar on 26 September 2017 as a joint venture between the Company and Aspire Zone Foundation. The joint venture is engaged in delivery, management operations and support of ICT systems supporting the stadiums for the 2022 FIFA World Cup.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

10 FINANCIAL ASSETS – EQUITY INSTRUMENTS

	<i>30 September 2018</i>	<i>31 December 2017</i>
	<i>(Reviewed)</i>	<i>(Audited) (Restated)</i>
	<i>QR. '000</i>	<i>QR. '000</i>
Financial assets at fair value through other comprehensive income	815,340	-
Financial asset at fair value through profit or loss	84,362	-
Available-for-sale investments	-	812,933
	<u>899,702</u>	<u>812,933</u>

- (i) During the period, the Group sold one of its equity instruments, which was carried at fair value through other comprehensive income, amounting QR. 39 million.

11 CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents comprise the following items:

	<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>	<i>(Restated)</i>
	<i>QR. '000</i>	<i>QR. '000</i>
Bank balances and cash	17,621,648	17,560,255
Less: deposits with maturity more than three-months	(150,818)	(417,027)
Less: restricted deposits	(797,048)	(853,983)
Cash and cash equivalents	<u>16,673,782</u>	<u>16,289,245</u>

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.

12 SHARE CAPITAL

	<i>2018</i>		<i>2017</i>	
	<i>No of shares (000)</i>	<i>QR. '000</i>	<i>No of shares (000)</i>	<i>QR. '000</i>
Authorised				
<i>Ordinary shares of QR. 10 each</i>				
At 30 September / 31 December	<u>500,000</u>	<u>5,000,000</u>	<u>500,000</u>	<u>5,000,000</u>
Issued and fully paid up				
<i>Ordinary shares of QR. 10 each</i>				
At 30 September / 31 December	<u>320,320</u>	<u>3,203,200</u>	<u>320,320</u>	<u>3,203,200</u>

13 TRANSLATION RESERVE

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



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

14 INCOME TAX

The income tax represents amounts recognised by the subsidiaries. The major components of the income tax expense for the period included in the condensed consolidated interim statement of profit or loss are as follows:

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Current income tax				
Current income tax charge	161,961	304,344	486,703	697,760
Deferred income tax				
Relating to origination and reversal of temporary differences	(38,207)	(92,666)	(100,920)	(126,684)
	123,754	211,678	385,783	571,076

15 DIVIDEND

Dividend paid:

	<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>	
	<i>QR. '000</i>	<i>QR. '000</i>
Declared and approved at the Annual General Meeting :		
Final dividend for 2017: QR. 3.50 per share (2016: QR. 3.50 per share)	1,121,120	1,121,120

16 LOANS AND BORROWINGS

	<i>30 September 2018</i>	<i>31 December 2017</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR. '000</i>	<i>QR. '000</i>
Loans and borrowings	37,482,364	40,144,062
Less: deferred financing costs	(214,037)	(288,718)
	37,268,327	39,855,344

Presented in the condensed consolidated interim statement of financial position as follows:

	<i>30 September 2018</i>	<i>31 December 2017</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR. '000</i>	<i>QR. '000</i>
Non-current portion	25,621,106	32,611,650
Current portion	11,647,221	7,243,694
	37,268,327	39,855,344



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

16 LOANS AND BORROWINGS (CONTINUED)

The comparative fair value and carrying value of the Group's loans and borrowings are as follow:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) QR. '000</i>	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) QR. '000</i>
Fixed rates	27,002,806	27,808,854	26,952,892	28,586,651
Floating rates	10,479,558	12,335,208	10,517,523	12,349,719
	<u>37,482,364</u>	<u>40,144,062</u>	<u>37,470,415</u>	<u>40,936,370</u>

17 TRADE AND OTHER PAYABLES

	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) (Restated) QR. '000</i>
Trade payables	2,904,217	3,131,630
Accrued expenses	6,525,277	6,443,633
Interest payable	359,438	371,157
Profit payable on Islamic financing obligation	48,775	14,651
License costs payable	361,606	336,605
Amounts due to international carriers -net	471,012	451,145
Negative fair value of derivatives	93,254	45,338
Finance lease liabilities (note 19)	184,670	154,462
Cash settled share based payments	67,362	133,473
Other payables	1,928,270	2,429,925
	<u>12,943,881</u>	<u>13,512,019</u>



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2018

18 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
<i>Items that may be reclassified subsequently to profit or loss</i>				
<i>Available-for-sale investments</i>				
Fair value gain / (loss) arising during the period	-	3,640	-	17,406
Reclassification to profit or loss	-	(114)	-	(317)
Transfer to profit or loss on impairment	-	897	-	3,952
	-	4,423	-	21,041
<i>Cash flow hedges</i>				
Gain/(loss) arising during the period	(38)	88	283	26
Deferred tax effect	6	(13)	(24)	(4)
	(32)	75	259	22
Share of changes in fair value of cash flow hedges	2,665	(1,342)	5,417	(6,585)
<i>Foreign exchange reserve</i>				
Foreign exchange translation differences – foreign operations	(1,103,220)	(151,495)	(1,704,760)	44,006
<i>Items that will not be reclassified subsequently to profit or loss</i>				
<i>Fair value reserve</i>				
Changes in fair value of equity investments at fair value through other comprehensive income	77,387	-	(3,355)	-
	77,387	-	(3,355)	-
<i>Employees benefit reserve</i>				
Net movement in employees benefit reserve	195	194	6,844	(30,019)
Deferred tax effect	75	(72)	(1,688)	7,518
	270	122	5,156	(22,501)
Other comprehensive (loss) / income for the period – net of tax	(1,022,930)	(148,217)	(1,697,283)	35,983



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2018

19 COMMITMENTS

	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) QR. '000</i>
Capital expenditure commitments not provided for		
Estimated capital expenditure contracted for at reporting date	<u>3,523,988</u>	<u>2,610,737</u>
Operating lease commitments		
Future minimum lease payments:		
Not later than one year	502,587	481,206
Later than one year and not later than five years	1,914,234	1,844,125
Later than five years	<u>1,814,300</u>	<u>2,146,811</u>
Total operating lease expenditure contracted for at the reporting date	<u>4,231,121</u>	<u>4,472,142</u>
Finance lease commitments		
Amounts under finance leases		
Minimum lease payments		
Not later than one year	255,541	229,308
Later than one year and not later than five years	688,387	770,458
Later than five years	<u>57,782</u>	<u>54,030</u>
	<u>1,001,710</u>	<u>1,053,796</u>
Less: unearned finance income	<u>(212,931)</u>	<u>(213,288)</u>
Present value of minimum lease payments	<u>788,779</u>	<u>840,508</u>
Present value of minimum lease payments		
Current portion	184,670	154,462
Non-current portion	<u>604,109</u>	<u>686,046</u>
	<u>788,779</u>	<u>840,508</u>
Letters of credit	<u>273,860</u>	<u>253,428</u>

20 CONTINGENT LIABILITIES AND LITIGATIONS

	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>31 December 2017 (Audited) QR. '000</i>
i) Contingent liabilities		
Letters of guarantees	<u>546,508</u>	<u>654,258</u>
Claims against the Group not acknowledged as debts	<u>30,956</u>	<u>2,208</u>

Litigation

All other litigations position reported in the Group's annual consolidated financial statements as at 31 December 2017 have not materially changed as at 30 September 2018, except for the potential claim of a local regulator against one of the Group's subsidiary.



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

21 RELATED PARTY DISCLOSURES

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

a) Transactions with Government and related entities

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 include an amount of QR. 336,646 thousand (2017: QR. 285,643 thousand) receivable from Government and Government related entities.
- Industry fee (Note 5) pertains to the industry fee payable to CRA, a Government related entity.

In accordance with IAS 24 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.

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.

The compensation and benefits related to Board of Directors and key management personnel amounted to QR. 92,299 thousand for the three months ended 30 September 2018 (for the three months ended 30 September 2017: QR. 94,708 thousand) and QR. 276,354 thousand for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: QR. 279,183 thousand) and end of service benefits amounted to QR. 2,948 thousand for the three months ended 30 September 2018 (for the three months ended 30 September 2017: QR. 6,962 thousand) and QR. 10,811 thousand for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: QR. 16,813 thousand). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administrative expenses".

22 REVENUE

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>	<i>QR. '000</i>
Revenue from rendering of services	7,053,845	7,766,815	21,144,650	23,064,094
Sale of telecommunication equipment	368,362	378,533	1,417,747	1,188,162
Equipment rental revenue	67,801	71,605	212,382	223,733
	7,490,008	8,216,953	22,774,779	24,475,989



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2018

23 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 mainly 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 organized into business units based on their geographical area covered, and has seven reportable segments as follows:

1. *Ooredoo Qatar* is a provider of domestic and international telecommunication services within the State of Qatar;
2. *Asiacell* is a provider of mobile telecommunication services in Iraq;
3. *NMTC group* is a provider of mobile telecommunication services in Kuwait and elsewhere in the Middle East and North African (MENA) region. NMTC group includes balances of Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Algeria, Wataniya Palestine, Ooredoo Maldives PLC and others. Management believe that presenting NMTC as one segment will provide the most relevant information to the users of the consolidated financial statement of the Group, as NMTC is a public listed company in Kuwait and it presents detailed segment note in its consolidated financial statements, which are publically available;
4. *Indosat Ooredoo* is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia. The Group has recorded a prior year adjustment related to revenue and provision for receivables of PT Indosat in opening retained earnings amounting to QR. 106 million related to reversal of certain sales to distributors.
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.

OOREDOO Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2018
23 SEGMENT INFORMATION (CONTINUED)
Operating segments

The following table present revenue and profit information regarding the Group's operating segments for the nine-month period ended 30 September 2018 and 2017:

For the three-month period ended 30 September 2018 (Reviewed)

	<i>Ooredoo Qatar QR. '000</i>	<i>Asiacell QR. '000</i>	<i>NMTC QR. '000</i>	<i>Indosat Ooredoo QR. '000</i>	<i>Ooredoo Oman QR. '000</i>	<i>Ooredoo Myanmar QR. '000</i>	<i>Others QR. '000</i>	<i>Adjustments and eliminations QR. '000</i>	<i>Total QR. '000</i>
Revenue									
Revenue from rendering of telecom services	1,785,535	1,204,112	1,691,074	1,359,003	683,815	306,215	24,091	-	7,053,845
Sale of telecommunications equipment	94,497	-	200,966	4,539	16,650	295	51,415	-	368,362
Revenue from use of assets by others	4,677	-	907	54,051	4,748	3,418	-	-	67,801
Inter-segment	39,920	2,073	42,714	890	2,186	730	36,724	(125,237) (i)	-
Total revenue	1,924,629	1,206,185	1,935,661	1,418,483	707,399	310,658	112,230	(125,237)	7,490,008
Timing of revenue recognition									
At a point in time	94,497	-	200,966	4,539	16,650	295	51,415	(26,026)	342,336
Over time	1,830,132	1,206,185	1,734,695	1,413,944	690,749	310,363	60,815	(99,211)	7,147,672
	1,924,629	1,206,185	1,935,661	1,418,483	707,399	310,658	112,230	(125,237)	7,490,008
Results									
Segment profit/ (loss) before tax	886,620	217,458	204,939	(221,910)	135,501	(381,916)	(140,589)	(143,996) (ii)	556,107
Depreciation and amortisation	214,476	327,729	396,743	562,344	158,460	192,233	7,077	134,236 (iii)	1,993,298
Net finance costs	237,369	4,033	(11,285)	151,772	3,199	11,227	(175)	-	396,140



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2018

23 SEGMENT INFORMATION (CONTINUED)

For the three-month period ended 30 September 2017 (Reviewed)

	<i>Ooredoo Qatar QR. '000</i>	<i>Asiacell QR. '000</i>	<i>NMTC QR. '000</i>	<i>Indosat Ooredoo QR. '000</i>	<i>Ooredoo Oman QR. '000</i>	<i>Ooredoo Myanmar QR. '000</i>	<i>Others QR. '000</i>	<i>Adjustments and eliminations QR. '000</i>	<i>Total QR. '000</i>
Revenue									
Revenue from rendering of telecom services	1,729,790	1,167,452	1,887,678	1,965,400	671,398	335,059	10,038	-	7,766,815
Sale of telecommunications equipment	45,198	-	202,397	12,386	355	401	117,796	-	378,533
Revenue from use of assets by others	4,571	-	8,229	56,353	1,614	838	-	-	71,605
Inter-segment	39,117	4,403	58,002	1,759	3,544	712	39,863	(147,400) (i)	-
Total revenue	1,818,676	1,171,855	2,156,306	2,035,898	676,911	337,010	167,697	(147,400)	8,216,953
Timing of revenue recognition									
At a point in time	45,198	-	202,397	12,386	355	401	117,796	(20,731)	357,802
Over time	1,773,478	1,171,855	1,953,909	2,023,512	676,556	336,609	49,901	(126,669)	7,859,151
	1,818,676	1,171,855	2,156,306	2,035,898	676,911	337,010	167,697	(147,400)	8,216,953
Results									
Segment profit / (loss) before tax	411,488	133,576	360,465	149,068	134,114	(147,013)	(96,177)	(151,071) (ii)	794,450
Depreciation and amortisation	216,391	351,884	419,163	635,497	158,005	185,282	8,532	151,071 (iii)	2,125,825
Net finance costs	232,772	9,099	25,898	151,938	4,544	9,683	340	-	434,274

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2018

23 SEGMENT INFORMATION (CONTINUED)

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Segment profit before tax does not include the following:

	<i>For the three-month period ended</i>	
	<i>30 September</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>	
	<i>QR. '000</i>	<i>QR. '000</i>
Amortisation of intangibles	(134,236)	(151,071)
Impairment of intangibles	(9,760)	-
	<u>(143,996)</u>	<u>(151,071)</u>

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



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2018

23 SEGMENT INFORMATION (CONTINUED)

For the nine-month period ended 30 September 2018 (Reviewed)

	<i>Ooredoo Qatar QR.'000</i>	<i>Asiacell QR.'000</i>	<i>NMTC QR.'000</i>	<i>Indosat Ooredoo QR.'000</i>	<i>Ooredoo Oman QR.'000</i>	<i>Ooredoo Myanmar QR.'000</i>	<i>Others QR.'000</i>	<i>Adjustments and eliminations QR.'000</i>	<i>Total QR.'000</i>
Revenue									
Revenue from rendering of telecom services	5,378,514	3,446,168	5,069,772	4,126,880	1,997,187	1,043,744	82,385	-	21,144,650
Sale of telecommunications equipment	191,041	-	871,878	43,452	40,851	546	269,979	-	1,417,747
Revenue from use of assets by others	14,004	-	2,656	173,919	15,253	6,550	-	-	212,382
Inter-segment	237,963	8,460	123,824	3,311	5,367	1,887	111,996	(492,808) (i)	-
Total revenue	5,821,522	3,454,628	6,068,130	4,347,562	2,058,658	1,052,727	464,360	(492,808)	22,774,779
Timing of revenue recognition									
At a point in time	191,041	-	871,878	43,452	40,851	546	269,979	(198,365)	1,219,382
Over time	5,630,481	3,454,628	5,196,252	4,304,110	2,017,807	1,052,181	194,381	(294,443)	21,555,397
	5,821,522	3,454,628	6,068,130	4,347,562	2,058,658	1,052,727	464,360	(492,808)	22,774,779
Results									
Segment profit/ (loss) before tax	1,724,233	624,998	649,207	(377,637)	390,347	(832,593)	(69,517)	(415,548) (ii)	1,693,490
Depreciation and amortisation	636,402	1,001,645	1,205,886	1,718,875	455,334	606,428	21,239	405,788 (iii)	6,051,597
Net finance costs	711,147	16,869	62,397	462,158	10,396	30,539	583	-	1,294,089



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2018

23 SEGMENT INFORMATION (CONTINUED)

For the nine-month period ended 30 September 2017 (Reviewed)

	<i>Ooredoo Qatar QR. '000</i>	<i>Asiacell QR. '000</i>	<i>NMTC QR. '000</i>	<i>Indosat Ooredoo QR. '000</i>	<i>Ooredoo Oman QR. '000</i>	<i>Ooredoo Myanmar QR. '000</i>	<i>Others QR. '000</i>	<i>Adjustments and eliminations QR. '000</i>	<i>Total QR. '000</i>
Revenue									
Revenue from rendering of telecom services	5,335,247	3,332,641	5,504,698	5,954,492	1,974,361	937,315	25,340	-	23,064,094
Sale of telecommunications equipment	122,711	1	553,339	34,771	3,887	18,638	454,815	-	1,188,162
Revenue from use of assets by others	14,451	-	32,622	166,310	8,839	1,511	-	-	223,733
Inter-segment	388,574	14,466	174,112	9,716	7,603	3,198	123,393	(721,062) (i)	-
Total revenue	5,860,983	3,347,108	6,264,771	6,165,289	1,994,690	960,662	603,548	(721,062)	24,475,989
Timing of revenue recognition									
At a point in time	122,711	1	553,339	34,771	3,887	18,638	454,815	(331,190)	856,972
Over time	5,738,272	3,347,107	5,711,432	6,130,518	1,990,803	942,024	148,733	(389,872)	23,619,017
	<u>5,860,983</u>	<u>3,347,108</u>	<u>6,264,771</u>	<u>6,165,289</u>	<u>1,994,690</u>	<u>960,662</u>	<u>603,548</u>	<u>(721,062)</u>	<u>24,475,989</u>
Results									
Segment profit / (loss) before tax	1,342,725	326,909	962,295	505,707	343,802	(401,886)	(231,048)	(387,628) (ii)	2,460,876
Depreciation and amortisation	639,972	1,068,391	1,257,607	1,910,221	477,363	533,062	24,492	387,628 (iii)	6,298,736
Net finance costs	688,705	28,939	77,160	468,397	14,981	29,622	1,001	-	1,308,805

OOREDOO Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2018
23 SEGMENT INFORMATION (CONTINUED)

- (i) Inter-segment revenues are eliminated on consolidation.
(ii) Segment profit before tax does not include the following:

	<i>For the nine-month period ended</i>	
	<i>30 September</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Reviewed)</i>	
	<i>QR. '000</i>	<i>QR. '000</i>
Amortisation of intangibles	(405,788)	(387,628)
Impairment of intangibles	(9,760)	-
	(415,548)	(387,628)

- (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 30 September 2018 and 31 December 2017.

	<i>Ooredoo Qatar QR. '000</i>	<i>Asiacell QR. '000</i>	<i>NMTC QR. '000</i>	<i>Indosat Ooredoo QR. '000</i>	<i>Ooredoo Oman QR. '000</i>	<i>Ooredoo Myanmar QR. '000</i>	<i>Others QR. '000</i>	<i>Adjustments and eliminations QR. '000</i>	<i>Total QR. '000</i>
Segment assets (i)									
At 30 September 2018 (Reviewed)	<u>18,952,055</u>	<u>10,354,627</u>	<u>19,757,680</u>	<u>14,412,442</u>	<u>3,622,978</u>	<u>5,363,989</u>	<u>3,788,485</u>	<u>8,530,156</u>	<u>84,782,412</u>
At 31 December 2017 (Audited)	<u>19,483,794</u>	<u>9,959,541</u>	<u>21,644,579</u>	<u>15,055,507</u>	<u>3,744,225</u>	<u>6,428,654</u>	<u>4,042,955</u>	<u>9,097,230</u>	<u>89,456,485</u>

- (i) Goodwill amounting to QR. 8,530,156 thousand (31 December 2017: QR. 9,097,230 thousand) was not considered as part of segment assets.

OOREDOO Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2018
24 FAIR VALUES OF FINANCIAL INSTRUMENTS
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; and
- Level 3: Unobservable inputs for the asset or liability.

The following table provides the fair value measurement hierarchy of the Group's financial asset and liabilities at 30 September 2018 and 31 December 2017:

	<i>30 September 2018 (Reviewed) QR. '000</i>	<i>Level 1 QR. '000</i>	<i>Level 2 QR. '000</i>	<i>Level 3 QR. '000</i>
Assets:				
Financial assets measured at fair value:				
FVTOCI	815,340	-	232,279	583,061
FVTPL	84,362	2,243	82,112	7
Derivative financial instruments	3,418	-	3,418	-
	<u>903,120</u>	<u>2,243</u>	<u>317,809</u>	<u>583,068</u>
Liabilities:				
Other financial liability measured at fair Value				
Derivative financial instruments	93,254	-	93,254	-
Other financial liability for which fair value is disclosed				
Loans and borrowings	37,470,415	26,445,889	11,024,526	-
	<u>37,563,669</u>	<u>26,445,889</u>	<u>11,117,780</u>	<u>-</u>
<i>31 December 2017 (Audited) QR. '000</i>				
Assets				
Financial assets measured at fair value:				
Available-for-sale investments	779,086	5,116	227,876	546,094
Derivative financial instruments	241	-	241	-
	<u>779,327</u>	<u>5,116</u>	<u>228,117</u>	<u>546,094</u>
Liabilities:				
Other financial liability measured at fair Value				
Derivative financial instruments	45,338	-	45,338	-
Other financial liability for which fair value is disclosed				
Loans and borrowings	40,936,370	27,413,054	13,523,316	-
	<u>40,981,708</u>	<u>27,413,054</u>	<u>13,568,654</u>	<u>-</u>

There were no transfers among Levels 1, 2, and 3 for the nine-month period ended 30 September 2018 and for the year ended 31 December 2017.

OOREDOO Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2018
25 LOSS OF CONTROL OF A SUBSIDIARY CLASSIFIED AS HELD FOR SALE

The assets and liabilities related to Artajasa Pembayaran Elektronis (“APE”) an indirect subsidiary of Ooredoo through Indosat have been presented as held for sale following the approval by the Extraordinary General Shareholders’ Meeting of APE on 13 October 2017 to the plan of partial divestment of APE that will result in the Group’s not controlling APE anymore.

a. Assets classified as held for sale

	<i>30 September 2018</i>	<i>31 December 2017</i>
	<i>(Reviewed)</i>	<i>(Audited) (Restated)</i>
	<i>QR. '000</i>	<i>QR. '000</i>
Cash and cash equivalents	-	68,494
Trade receivables and prepayments	-	16,130
Property, plant and equipment	-	55,566
Intangible assets	-	16,030
Investment in associate	-	895
Other non-current assets	-	779
Total assets classified as asset held for sale	<u>-</u>	<u>157,894</u>

b. Liabilities directly associated with assets classified as held for sale

	<i>30 September 2018</i>	<i>31 December 2017</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR. '000</i>	<i>QR. '000</i>
Accounts payable and accruals	-	68,950
Income tax payable	-	1,814
Deferred tax liabilities	-	2,283
Other non-current liabilities	-	3,253
Total liabilities directly associated with assets classified as held for sale	<u>-</u>	<u>76,300</u>

On 1 April 2018, the Group lost control in APE after amending the shareholders’ agreement and accordingly deconsolidated the subsidiary. The remaining investment is accounted for as an investment in associate and recorded share in results of the associate.

	<i>30 September 2018</i>
	<i>(Reviewed)</i>
	<i>QR. '000</i>
Fair value of investment retained	280,043
Non-controlling interests	36,178
Net assets disposed	(80,252)
Gain on disposal	<u>235,969</u>