



OOREDOO Q.S.C.

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

31 MARCH 2014



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2014

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Independent auditors' report on review of condensed consolidated interim financial statements to the Board of Directors of the Ooredoo Q.S.C.

Introduction

We have reviewed the accompanying 31 March 2014 condensed consolidated interim financial statements of Ooredoo Q.S.C. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the condensed consolidated statement of profit or loss for the three months period ended 31 March 2014;
- the condensed consolidated statement of comprehensive income for the three months period ended 31 March 2014;
- the condensed consolidated statement of financial position as at 31 March 2014;
- the condensed consolidated statement of changes in equity for the three months period ended 31 March 2014;
- the condensed consolidated statement of cash flows for the three months period ended 31 March 2014; and
- notes to the condensed consolidated interim financial statements

The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of 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 31 March 2014 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 17 (b) to the condensed consolidated interim financial statements, which describes the nature of an ongoing lawsuit relating to a subsidiary of the Group. Legal proceedings related to the lawsuit are in progress and the ultimate outcome of the matter cannot presently be determined.

30 April 2014
Doha
State of Qatar
251

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No.



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2014

	Note	<i>For the three months ended 31 March</i>	
		<i>2014</i>	<i>2013</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
Continuing operations			
Revenue		8,102,635	8,383,660
Operating expenses		(2,766,870)	(2,729,795)
Selling, general and administrative expenses		(1,976,744)	(1,980,082)
Depreciation and amortisation		(1,799,369)	(1,934,428)
Net finance costs		(540,539)	(483,456)
Impairment of financial assets		-	(39,913)
Other income – net	5	395,803	94,532
Share of results of associates – net of tax	10	18,843	16,436
Royalties and fees	6	(91,839)	(85,047)
Profit before income taxes		1,341,920	1,241,907
Income tax	12	(207,741)	(177,243)
Profit from continuing operations		1,134,179	1,064,664
Discontinued operation			
Profit from discontinued operation – net of tax	21	46,725	7,771
Profit for the period		1,180,904	1,072,435
Profit attributable to:			
Shareholders of the parent		886,643	808,430
Non-controlling interests		294,261	264,005
		1,180,904	1,072,435
Basic and diluted earnings per share	7	2.77	2.52
(Attributable to shareholders of the parent)			
(Expressed in QR per share)			

The attached notes 1 to 22 form part of these condensed consolidated interim financial statements.



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2014

		<i>For the three months ended 31 March</i>	
		<i>2014</i>	<i>2013</i>
		<i>(Reviewed)</i>	
<i>Note</i>		<i>QR'000</i>	<i>QR'000</i>
	Profit for the period	<u>1,180,904</u>	<u>1,072,435</u>
	Other comprehensive income		
	<i>Items that may be reclassified subsequently to profit or loss</i>		
	Net change in fair value of available-for-sale investments	15 5,960	54,857
	Effective portion of changes in fair value of cash flow hedges	15 11	70
	Net changes in fair value of employee benefit reserve	15 5,415	-
	Share of other comprehensive income of associates	15 724	-
	Foreign currency translation differences	15 906,319	(600,392)
	Other comprehensive income for the period – net of tax	<u>918,429</u>	<u>(545,465)</u>
	Total comprehensive income for the period	<u>2,099,333</u>	<u>526,970</u>
	Total comprehensive income attributable to:		
	Shareholders of the parent	1,680,883	316,849
	Non-controlling interests	418,450	210,121
		<u>2,099,333</u>	<u>526,970</u>

The attached notes 1 to 22 form part of these condensed consolidated interim financial statements.



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2014

		<i>31 March 2014 (Reviewed)</i>	<i>31 December 2013 (Audited)</i>
	<i>Note</i>	<i>QR'000</i>	<i>QR'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	8	33,644,813	32,315,832
Intangible assets and goodwill	9	35,474,619	31,473,769
Investment property		59,068	60,363
Investment in associates	10	1,777,580	1,752,172
Available-for-sale investments		2,404,367	2,704,493
Other non-current assets		859,643	697,244
Deferred tax assets		54,624	50,703
Total non-current assets		74,274,714	69,054,576
Current assets			
Inventories		573,533	537,311
Trade and other receivables		7,260,732	6,891,822
Bank balances and cash		18,265,386	20,304,571
Assets held for distribution		-	375,136
Total current assets		26,099,651	28,108,840
TOTAL ASSETS		100,374,365	97,163,416
EQUITY			
Share capital		3,203,200	3,203,200
Legal reserve		12,434,282	12,434,282
Fair value reserve		1,376,143	1,326,369
Employment benefit reserve		46,685	43,165
Translation reserve		(924,286)	(1,665,232)
Other statutory reserves		980,788	980,788
Retained earnings		8,250,675	8,645,312
Equity attributable to shareholders of the parent		25,367,487	24,967,884
Non-controlling interests		7,708,635	7,459,448
Total equity		33,076,122	32,427,332

Continued.....

The attached notes 1 to 22 form part of these condensed consolidated interim financial statements.



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 March 2014

		<i>31 March 2014 (Reviewed)</i>	<i>31 December 2013 (Audited)</i>
	<i>Note</i>	<i>QR'000</i>	<i>QR'000</i>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14	37,584,818	37,254,452
Employees benefits		756,573	696,964
Deferred tax liabilities		968,121	879,216
Other non-current liabilities		2,558,394	2,625,857
Total non-current liabilities		41,867,906	41,456,489
Current liabilities			
Loans and borrowings	14	8,088,022	8,057,873
Trade and other payables		15,044,867	12,420,964
Deferred income		1,610,657	1,739,333
Income tax payable		686,791	561,122
Liabilities held for distribution		-	500,303
Total current liabilities		25,430,337	23,279,595
Total liabilities		67,298,243	64,736,084
TOTAL EQUITY AND LIABILITIES		100,374,365	97,163,416

.....
Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman

.....
Ali Shareef Al-Emadi
Deputy Chairman



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2014

	Note	<i>For the three months ended</i>	
		<i>31 March</i>	
		<i>2014</i>	<i>2013</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
OPERATING ACTIVITIES			
Profit before income taxes		1,341,920	1,241,907
Profit – discontinued operation	21	46,725	7,771
Adjustments for:			
Depreciation and amortization		1,806,652	1,955,881
Dividend income		(40,835)	(27,235)
Impairment of financial assets		-	39,913
Gain on disposal of available-for-sale investments		(128,212)	(57,231)
Gain on disposal of property, plant and equipment		(8,532)	(27,081)
Profit on sale of a subsidiary		(46,438)	-
Net finance costs		540,532	483,439
Provision for employees' benefits		67,324	86,333
Provision for trade receivables		40,051	58,457
Share of results of associates – net of tax	10	(18,843)	(16,436)
Operating profit before working capital changes		3,600,344	3,745,718
Working capital changes:			
Change in inventories		(36,222)	(15,740)
Change in trade and other receivables		(408,961)	(497,889)
Change in trade and other payables		387,022	(45,959)
Cash from operations		3,542,183	3,186,130
Finance costs paid		(534,618)	(417,296)
Employees' benefits paid		(7,947)	(6,256)
Income tax paid		(54,380)	(142,558)
Net cash from operating activities		2,945,238	2,620,020
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(1,946,357)	(1,341,604)
Acquisition of intangible assets		(1,877,794)	(52,007)
Acquisition of available-for-sale investments		-	(13,696)
Proceeds from disposal of property, plant and equipment		100,363	114,448
Proceeds from disposal of available-for-sale investments		454,644	114,407
Settlement on disposal of a subsidiary		(77,881)	-
Movement in restricted deposits		12,920	(45,057)
Movement in other non-current assets		(155,243)	(68,949)
Dividend received		40,835	27,235
Interest received		70,873	93,609
Net cash used in investing activities		(3,377,640)	(1,171,614)

Continued.....

The attached notes 1 to 22 form part of these condensed consolidated interim financial statements.



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the three months ended 31 March 2014

		<i>For the three months ended 31 March</i>	
		<i>2014</i>	<i>2013</i>
		<i>Reviewed</i>	
<i>Note</i>		<i>QR'000</i>	<i>QR'000</i>
FINANCING ACTIVITIES			
	Proceeds from loans and borrowings	632,362	3,837,402
	Repayment of loans and borrowings	(566,184)	(946,042)
	Acquisition of non-controlling interest	-	(2,185,257)
	Additions to deferred financing costs	(1,511)	(90,816)
13	Dividend paid to shareholders of the parent	(1,281,280)	(1,601,600)
	Dividend paid to non-controlling interests	(169,263)	(168,408)
	Movement in other non-current liabilities	(67,463)	(121,872)
	Net cash used in financing activities	(1,453,339)	(1,276,593)
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,885,741)	171,813
	Effect of exchange rate fluctuations	(340,185)	20,951
	Cash and cash equivalents at 1 January	20,203,819	14,796,239
	CASH AND CASH EQUIVALENTS AT 31 MARCH	17,977,893	14,989,003

The attached notes 1 to 22 form part of these condensed consolidated interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2014

Note	<i>Attributable to shareholders of the parent</i>								<i>Non – controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Employee benefit reserve</i>	<i>Translation reserve</i>	<i>Other statutory reserves</i>	<i>Retained earnings</i>	<i>Total</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 2014	3,203,200	12,434,282	1,326,369	43,165	(1,665,232)	980,788	8,645,312	24,967,884	7,459,448	32,427,332
Profit for the period	-	-	-	-	-	-	886,643	886,643	294,261	1,180,904
Other comprehensive income	-	-	49,774	3,520	740,946	-	-	794,240	124,189	918,429
Total comprehensive income for the period	-	-	49,774	3,520	740,946	-	886,643	1,680,883	418,450	2,099,333
<i>Transactions with shareholders of the parent, recognised directly in equity</i>										
Dividend for 2013	13	-	-	-	-	-	(1,281,280)	(1,281,280)	-	(1,281,280)
<i>Transactions with non-controlling interest, recognised directly in equity</i>										
Dividend paid		-	-	-	-	-	-	-	(169,263)	(169,263)
At 31 March 2014 (Reviewed)		3,203,200	12,434,282	1,376,143	46,685	(924,286)	980,788	8,250,675	7,708,635	33,076,122

Continued....

The attached notes 1 to 22 form part of these condensed consolidated interim financial statements.



OOREDOO Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the three months ended 31 March 2014

Note	Attributable to shareholders of the parent								Non – controlling interests	Total equity
	Share capital	Legal reserve	Fair value reserve	Employee benefit reserve	Translation reserve	Other statutory reserves	Retained earnings	Total		
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At 1 January 2013 (Restated)	3,203,200	12,434,282	1,084,494	(110,958)	757,096	825,245	9,596,491	27,789,850	8,941,786	36,731,636
Profit for the period	-	-	-	-	-	-	808,430	808,430	264,005	1,072,435
Other comprehensive income	-	-	43,552	-	(535,133)	-	-	(491,581)	(53,884)	(545,465)
Total comprehensive income for the period	-	-	43,552	-	(535,133)	-	808,430	316,849	210,121	526,970
<i>Transactions with shareholders of the parent, recognised directly in equity</i>										
Dividend for 2012	13	-	-	-	-	-	(1,601,600)	(1,601,600)	-	(1,601,600)
<i>Transactions with non-controlling interest, recognised directly in equity</i>										
Acquisition of non-controlling interests	4.1	-	-	-	-	-	(1,590,459)	(1,590,459)	(592,669)	(2,183,128)
Acquisition of non-controlling interests		-	-	-	-	-	(3,385)	(3,385)	1,256	(2,129)
Dividend paid		-	-	-	-	-	-	-	(168,408)	(168,408)
Other movements		-	-	-	-	-	-	-	(1,247)	(1,247)
At 31 March 2013 (Restated)	3,203,200	12,434,282	1,128,046	(110,958)	221,963	825,245	7,209,477	24,911,255	8,390,839	33,302,094

The attached notes 1 to 22 form part of these condensed consolidated interim financial statements.



OOREDOO Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2014

1 REPORTING ENTITY

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

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

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

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

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

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the three months ended 31 March 2014 have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34").

The condensed consolidated interim financial statements of the Group for the three months ended 31 March 2014 were authorised for issue by the Chairman and the Deputy Chairman of the Company on 30 April 2014.

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 financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013. In addition, results for the three months ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

Risk management, judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, 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 2013.

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 2013.



OOREDOO Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except as noted below.

During the period, the Group has adopted the following standards and amendments effective for the annual period beginning on 1 January 2014. The standards and amendments do not have any material impact to the Group.

<i>Standard/ Interpretation</i>	<i>Content</i>	<i>Effective date</i>
IAS 19R (amendment)	Employee Benefits	1 January 2014
IAS 32 (amendment)	Offsetting financial assets and financial liabilities (2011)	1 January 2014
IAS 39 (amendment)	Novation of Derivatives and Continuation of Hedge Accounting (2013)	1 January 2014
IAS 36 (amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
IFRIC 21	Levies	1 January 2014

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS

4.1 Acquisition of non-controlling interests up to 31 March 2013

Acquisition of non-controlling interest of Asiacell Communication PJSC ("Asiacell")

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

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

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

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

5 OTHER INCOME - NET

	<i>For the three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Foreign currency gains / (losses) – net	263,281	(66,610)
Profit on disposal of assets	8,532	27,077
Dividend income	40,835	27,235
Rental income	8,658	4,586
Profit on disposal of available-for-sale investments	128,212	57,231
Change in fair value of derivatives – net	(88,713)	(17,001)
Miscellaneous income	34,998	62,014
	<u>395,803</u>	<u>94,532</u>



OOREDOO Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2014

5 OTHER INCOME – NET (CONTINUED)

During the period, one of the Group’s subsidiaries, PT. Indosat Tbk, sold its investment in shares of Tower Bersama at a consideration of Rp 5,800 per share for 239.83 million shares resulting in a profit of QR 131.8 million.

6 ROYALTIES AND FEES

	Note	<i>For the three months ended</i>	
		<i>31 March</i>	
		<i>2014</i>	<i>2013</i>
		<i>(Reviewed)</i>	
		<i>QR’000</i>	<i>QR’000</i>
Royalty	(i)	33,922	30,857
Industry fees	(ii)	46,394	42,421
Other statutory fees	(iii)	11,523	11,769
		91,839	85,047

- i. Royalty is payable to the Government of the Sultanate of Oman based on 7% of the net of predefined sources of revenue and operating expenses.
- ii. The Group provides for a 12.5% industry fee on profits generated from the Group’s operations in Qatar.
- iii. Contributions by National Mobile Telecommunications Company K.S.C to Kuwait Foundation for the Advancement of Sciences (“KFAS”), National Labour Support Tax (“NLST”) and Zakat are included under other statutory fees.

7 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 months ended</i>		
	<i>31 March</i>		
	<i>2014</i>	<i>2013</i>	
		<i>(Reviewed)</i>	
		<i>QR’000</i>	<i>QR’000</i>
Profit for the period attributable to shareholders of the parent (QR’000)		886,643	808,430
Weighted average number of shares (in ’000)		320,320	320,320
Basic and diluted earnings per share (QR)		2.77	2.52



OOREDOO Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2014

7 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

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

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	
	<i>No. of shares</i>	<i>No. of shares</i>
	<i>'000</i>	<i>'000</i>
Qualifying shares at 1 January	320,320	320,320
Weighted average number of shares	320,320	320,320

8 PROPERTY, PLANT AND EQUIPMENT

	<i>31 March</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value at beginning of the period / year	32,315,832	32,436,114
Additions	1,946,357	9,297,933
Disposals	(91,763)	(452,683)
Reclassification	3,084	14,152
Related to discontinued operation	-	(4,958)
Depreciation for the period / year	(1,424,754)	(6,092,678)
Exchange adjustment	896,057	(2,882,048)
Carrying value at the end of the period / year	33,644,813	32,315,832

9 INTANGIBLE ASSETS AND GOODWILL

	<i>31 March</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value at beginning of the period / year	31,473,769	34,746,171
Additions	3,716,752	493,731
Disposals	(68)	(310)
Reclassification	(3,084)	(14,152)
Related to discontinued operation	-	(103,282)
Amortization for the period / year	(373,320)	(1,652,012)
Impairment losses	-	(1,707)
Exchange adjustment	660,570	(1,994,670)
Carrying value at the end of the period / year	35,474,619	31,473,769



OOREDOO Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2014

10 INVESTMENT IN ASSOCIATES

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

	<i>31 March 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Group's share of associates' statement of financial position:		
Current assets	924,791	868,974
Non-current assets	2,386,405	2,386,069
Current liabilities	(940,779)	(925,498)
Non-current liabilities	(1,887,067)	(1,868,586)
Net assets	483,350	460,959
Goodwill	1,294,230	1,291,213
Carrying amount of the investment	1,777,580	1,752,172
	<i>For the three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Share of revenues of associates	437,007	472,444
Share of results of associates – net of tax	18,843	16,436

11 BANK BALANCES AND CASH

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

	<i>31 March 2014 (Reviewed) QR'000</i>	<i>31 March 2013 (Reviewed) QR'000</i>
Bank balances and cash	18,265,386	15,243,194
Less: restricted deposits	(287,493)	(254,844)
Cash and cash equivalents of continuing operation	17,977,893	14,988,350
Cash and cash equivalents of discontinued operation	-	653
Cash and cash equivalents	17,977,893	14,989,003



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12 INCOME TAX

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

	<i>For the three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Current income tax		
Current income tax charge	180,049	209,252
Deferred income tax		
Relating to origination and reversal of temporary differences	27,692	(32,009)
	207,741	177,243

13 DIVIDEND

Dividend paid and proposed:

	<i>For the three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Declared and approved at the Annual General Meeting :		
Final Dividend for 2013, QR 4 per share (2012: QR 5 per share)	1,281,280	1,601,600

14 LOANS AND BORROWINGS

	<i>31 March 2014</i>	<i>31 December 2013</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Loans and borrowings	46,106,678	45,769,245
Less: deferred financing costs	(433,838)	(456,920)
	45,672,840	45,312,325

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

Non -current portion	37,584,818	37,254,452
Current portion	8,088,022	8,057,873
	45,672,840	45,312,325



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15 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
<i>Available-for-sale investments</i>		
Gain arising during the period	134,172	108,878
Reclassification to profit or loss	(128,212)	(57,231)
Transferred to profit or loss	-	3,210
	5,960	54,857
<i>Cash flow hedges</i>		
Gain arising during the period	11	79
Deferred tax effect	-	(9)
	11	70
<i>Employee benefit reserve</i>		
Net movement in employee benefit reserve	7,156	-
Deferred tax effect	(1,741)	-
	5,415	-
<i>Associates</i>		
Share of changes in fair value of cash flow hedges	724	-
<i>Translation reserve</i>		
Foreign exchange translation differences- Foreign operations	897,494	(600,392)
Transferred to profit or loss	8,825	-
	906,319	(600,392)
Other comprehensive income for the period – net of tax	918,429	(545,465)

16 COMMITMENTS

	<i>31 March</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Capital expenditure commitments not provided for		
Estimated capital expenditure contracted for at reporting date	5,342,871	8,393,649
Operating lease commitments		
Future minimum lease payments:		
Not later than one year	204,330	203,376
Later than one year and not later than five years	594,512	615,681
Later than five years	168,593	171,165
Total operating lease expenditure contracted for at the reporting date	967,435	990,222



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16 COMMITMENTS (CONTINUED)

	<i>31 March 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Finance lease commitments		
<i>Amounts under finance leases</i>		
<i>Minimum lease payments</i>		
Not later than one year	245,504	235,037
Later than one year and not later than five years	936,810	906,231
Later than five years	605,004	632,179
	<u>1,787,318</u>	<u>1,773,447</u>
Less: unearned finance income	(587,195)	(586,528)
Present value of minimum lease payments	<u>1,200,123</u>	<u>1,186,919</u>
<i>Present value of minimum lease payments</i>		
Current portion	113,824	107,318
Non-current portion	<u>1,086,299</u>	<u>1,079,601</u>
	<u>1,200,123</u>	<u>1,186,919</u>

17 CONTINGENT LIABILITIES AND LITIGATIONS

	<i>31 March 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
a) Contingent liabilities		
Letters of guarantees	<u>898,515</u>	<u>405,961</u>
Letters of credit	<u>166,088</u>	<u>139,351</u>
Claims against the Group not acknowledged as debts	<u>764</u>	<u>764</u>

b) Litigations

Proceedings against Wataniya relating to misuse of network infrastructure

The Ministry of Communications (“MOC”) in Kuwait initiated proceedings against one of the Group’s subsidiaries, National Mobile Telecommunication Company (“NMTC”) under Article 262 of the Kuwaiti Civil Code, claiming unlawful use of the Ministry’s network infrastructure since 1999.

During the period, the Kuwaiti Court of Appeal ruled in favour of the MOC in its case against NMTC. The decision was based on the claimed right of the Ministry to charge fees according to Kuwaiti Law for mobile services provided via the Company’s mobile network. The judgment was for an amount of QR 474.1 million (equivalent Kuwaiti Dinar 36.7 million).

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

All other litigations position reported at 31 December 2013 have not materially changed as at 31 March 2014.



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18 RELATED PARTY DISCLOSURES

Related party transactions and balances

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

a) Transactions with Government and related entities

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

b) Transactions with Directors and other key management personnel

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

The compensation and benefits related to Board of Directors and key management personnel amounted to QR 59,516 thousands (for the period ended 31 March 2013: QR 43,299 thousands) and end of service benefits amounted to QR 5,258 thousands (for the period ended 31 March 2013: QR 7,683 thousands). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administrative expenses".



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19 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. *Wataniya* is a provider of mobile telecommunication services in Kuwait and elsewhere in the Middle East and North African (MENA) region;
4. *Indosat* is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia;
5. *Nawras* is a provider of mobile and fixed telecommunication services in Oman; and
6. Others include some of the Group's subsidiaries which are providers of wireless and telecommunication services.

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



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19 SEGMENT INFORMATION (CONTINUED)

Operating segments

The following tables' present revenue and profit information regarding the Group's operating segments for the period ended 31 March 2014 and 2013:

For the three months ended 31 March 2014 (Reviewed)

	<i>Ooredoo Qatar QR'000</i>	<i>Asiacell QR'000</i>	<i>Wataniya QR'000</i>	<i>Indosat QR'000</i>	<i>Nawras QR'000</i>	<i>Others QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Total QR'000</i>
Revenue								
Third party	1,691,386	1,614,140	2,340,111	1,771,553	516,904	168,541	-	8,102,635
Inter-segment	14,586	4,199	18,091	8,412	2,164	32,432	(79,884) (i)	-
Total revenue	1,705,972	1,618,339	2,358,202	1,779,965	519,068	200,973	(79,884)	8,102,635
Results								
Segment profit/ (loss) before tax	360,721	436,627	393,618	310,095	111,799	(147,028)	(123,912) (ii)	1,341,920
Depreciation and amortisation	179,412	284,396	448,311	635,979	101,794	25,565	123,912 (iii)	1,799,369
Net finance costs	301,941	6,915	21,846	206,434	5,499	(2,096)	-	540,539



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19 SEGMENT INFORMATION (CONTINUED)

For the three months ended 31 March 2013 (Reviewed)

	<i>Ooredoo Qatar QR'000</i>	<i>Asiacell QR'000</i>	<i>Wataniya QR'000</i>	<i>Indosat QR'000</i>	<i>Nawras QR'000</i>	<i>Others QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Total QR'000</i>
Revenue								
Third party	1,556,615	1,715,456	2,302,149	2,166,895	472,660	169,885	-	8,383,660
Inter-segment	<u>18,617</u>	<u>14,276</u>	<u>31,835</u>	<u>7,948</u>	<u>2,047</u>	<u>30,143</u>	<u>(104,866) (i)</u>	<u>-</u>
Total revenue	<u>1,575,232</u>	<u>1,729,732</u>	<u>2,333,984</u>	<u>2,174,843</u>	<u>474,707</u>	<u>200,028</u>	<u>(104,866)</u>	<u>8,383,660</u>
Results								
Segment profit/ (loss) before tax	<u>421,033</u>	<u>601,320</u>	<u>483,683</u>	<u>9,494</u>	<u>96,030</u>	<u>(207,880)</u>	<u>(161,773) (ii)</u>	<u>1,241,907</u>
Depreciation and amortisation	<u>176,392</u>	<u>248,769</u>	<u>398,811</u>	<u>833,718</u>	<u>89,728</u>	<u>25,237</u>	<u>161,773 (iii)</u>	<u>1,934,428</u>
Net finance costs	<u>792</u>	<u>1,724</u>	<u>10,914</u>	<u>199,934</u>	<u>3,733</u>	<u>266,359</u>	<u>-</u>	<u>483,456</u>

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

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

<i>For the three months ended 31 March (Reviewed)</i>	
<i>2014</i>	<i>2013</i>
<i>QR'000</i>	<i>QR'000</i>
<u>(123,912)</u>	<u>(161,773)</u>

Amortization of intangibles

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



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19 SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 31 March 2014 and 31 December 2013.

	<i>Ooredoo Qatar QR'000</i>	<i>Asiacell QR'000</i>	<i>Wataniya QR'000</i>	<i>Indosat QR'000</i>	<i>Nawras QR'000</i>	<i>Others QR'000</i>	<i>Adjustments and eliminations QR'000</i>	<i>Total QR'000</i>
Segment assets (i)								
At 31 March 2014 (Reviewed)	<u>21,459,418</u>	<u>9,456,834</u>	<u>27,617,003</u>	<u>19,164,868</u>	<u>3,408,505</u>	<u>7,711,860</u>	<u>11,555,877</u>	<u>100,374,365</u>
At 31 December 2013	<u>24,240,988</u>	<u>8,857,432</u>	<u>27,743,561</u>	<u>18,201,410</u>	<u>3,217,092</u>	<u>3,734,715</u>	<u>11,168,218</u>	<u>97,163,416</u>

- (i) Goodwill amounting to QR 11,555,877 thousands (31 December 2013: QR 11,168,218 thousands) was not considered as part of segment assets as goodwill is not used by the Chief Decision Making officers for strategic decision making purposes .



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20 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
- Level 3: Unobservable inputs for the asset or liability

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets

	31 March 2014 (Reviewed) QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Available-for-sale investments	2,363,559	711,208	1,652,351	-
Derivative financial instruments	82,092	-	82,092	-
	2,445,651	711,208	1,734,443	-
	31 December 2013 (Audited) QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Available-for-sale investments	2,641,766	1,098,112	1,543,654	-
Derivative financial instruments	138,471	-	138,471	-
	2,780,237	1,098,112	1,682,125	-

Financial liabilities

	31 March 2014 (Reviewed) QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Derivative financial instruments	93,992	-	93,992	-
	31 December 2013 (Audited) QR'000	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000
Derivative financial instruments	22,237	-	22,237	-



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21 DISCONTINUED OPERATION

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

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

Results of discontinued operations

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Revenue	18,178	57,952
Operating expenses	(1,979)	(10,974)
Selling, general and administrative expenses	(8,443)	(21,612)
Depreciation and amortization	(7,283)	(21,453)
Net finance costs	7	17
Other income – net	89	3,313
Royalties and fees	(282)	-
Results from operating activities	287	7,243
Profit on sale of discontinued operation	46,438	-
Results from operating activities – Jordan	-	528
Profit for the period	46,725	7,771

22 COMPARATIVE INFORMATION

Reclassification of comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period's condensed consolidated interim financial statements. However, such reclassifications did not have any effect on the profit, total assets and equity of the comparative period.

	<i>As reclassified</i>	<i>As reported in 2013</i>
	<i>QR'000</i>	<i>QR'000</i>
<i>Condensed consolidated statement of financial position</i>		
Trade and other receivables	6,891,822	7,144,061
Trade and other payables	12,420,964	12,673,203