



**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 2020**



OOREDOO Q.P.S.C.

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

For the nine-month period ended 30 September 2020

| 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 - 31 |

QR. 83371

RN: 1392/SM/FY2020

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 financial statements of **Ooredoo Q.P.S.C.** (the "Company") and its subsidiaries (together the "Group") comprising the condensed consolidated interim statement of financial position as at 30 September 2020, and the related condensed consolidated interim statements of profit or loss and condensed consolidated interim statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020, and the condensed consolidated interim statement of changes in equity and cash flows for the nine-month period then ended and a 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
28 October 2020



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 three-month and nine-month period ended 30 September 2020

| | Note | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|--|------|--|-----------------|---|------------------|
| | | <i>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</i> |
| | | <i>(Reviewed)</i> | | <i>(Reviewed)</i> | |
| | | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| Revenue | 4 | 7,295,906 | 7,457,043 | 21,413,976 | 21,965,162 |
| Operating expenses | | (2,686,257) | (2,704,901) | (7,842,539) | (7,940,268) |
| Selling, general and administrative expenses | | (1,380,469) | (1,441,114) | (4,346,853) | (4,396,682) |
| Depreciation and amortisation | | (2,044,446) | (2,135,602) | (6,155,384) | (6,377,139) |
| Net finance costs | | (481,643) | (498,956) | (1,407,548) | (1,548,037) |
| Impairment provision (reversal) on financial assets and other assets | | (860) | 2,089 | (1,004) | 2,533 |
| Other income – net | 5 | 240,291 | 62,442 | 646,360 | 410,824 |
| Share in results of associates and joint ventures – net of tax | 11 | 23,501 | 14,282 | 24,166 | 36,167 |
| Royalties and fees | 6 | (112,824) | (124,638) | (322,013) | (376,968) |
| Profit before income tax | | 853,199 | 630,645 | 2,009,161 | 1,775,592 |
| Income tax | 16 | (100,437) | (94,715) | (315,562) | (261,825) |
| Profit for the period | | 752,762 | 535,930 | 1,693,599 | 1,513,767 |
| Profit attributable to: | | | | | |
| Shareholders of the parent | | 649,758 | 424,051 | 1,468,217 | 1,265,218 |
| Non-controlling interests | | 103,004 | 111,879 | 225,382 | 248,549 |
| | | 752,762 | 535,930 | 1,693,599 | 1,513,767 |
| Basic and diluted earnings per share | | | | | |
| (Attributable to shareholders of the parent) | 7 | 0.20 | 0.13 | 0.46 | 0.39 |
| (Expressed in QR. per share) | | | | | |

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.

DELOITTE & TOUCHE
Doha - Qatar

28 OCT 2020

Signed for Identification

The accompanying notes are an integral part of these condensed consolidated interim financial statements



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME For the three-month and nine-month period ended 30 September 2020

| | <u>Note</u> | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|--|-------------|--|-----------------|---|-----------------|
| | | <i>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</i> |
| | | <i>(Reviewed)</i> | | <i>(Reviewed)</i> | |
| | | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| Profit for the period | | 752,762 | 535,930 | 1,693,599 | 1,513,767 |
| 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 | 23 | 1,818 | (1,690) | (7,236) | (6,114) |
| Share of other comprehensive loss of associates and joint ventures | 23 | (667) | (10,492) | (15,757) | (37,367) |
| Foreign currency translation differences | 23 | 8,925 | (129,350) | (736,600) | 220,987 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | | |
| Net changes in fair value on investments in equity instruments designated as at FVTOCI | 23 | (60,636) | (8,185) | (112,069) | (5,360) |
| Net changes in fair value of employees' benefits reserve | 23 | (1,354) | 835 | 8,942 | 1,082 |
| Other comprehensive income (loss) – net of tax | | (51,914) | (148,882) | (862,720) | 173,228 |
| Total comprehensive income for the period | | 700,848 | 387,048 | 830,879 | 1,686,995 |
| Total comprehensive income attributable to: | | | | | |
| Shareholders of the parent | | 632,419 | 282,376 | 797,756 | 1,406,201 |
| Non-controlling interests | | 68,429 | 104,672 | 33,123 | 280,794 |
| | | 700,848 | 387,048 | 830,879 | 1,686,995 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements



OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

| | | <u>30 September</u> <u>2020</u> | <u>31 December</u> <u>2019</u> |
|--|-------------|--------------------------------------|-------------------------------------|
| | <u>Note</u> | <u>(Reviewed)</u> <u>QR. '000</u> | <u>(Audited)</u> <u>QR. '000</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 25,232,824 | 27,045,039 |
| Intangible assets and goodwill | 9 | 25,987,848 | 26,319,887 |
| Right-of-use assets | 10 | 6,351,854 | 6,033,848 |
| Investment property | | 49,453 | 58,007 |
| Investment in associates and joint ventures | 11 | 1,687,754 | 1,971,912 |
| Financial assets - equity instruments | 12 | 781,733 | 904,440 |
| Other non-current assets | | 712,617 | 732,243 |
| Deferred tax assets | | 624,874 | 658,851 |
| Contract cost and assets | | 172,638 | 194,971 |
| Total non-current assets | | 61,601,595 | 63,919,198 |
| Current assets | | | |
| Inventories | | 433,585 | 557,305 |
| Contract costs and assets | | 365,980 | 345,919 |
| Trade and other receivables | | 7,304,402 | 8,360,840 |
| Bank balances and cash | 13 | 16,119,862 | 14,716,148 |
| | | 24,223,829 | 23,980,212 |
| Assets held for sale | 22 | 273,547 | 82,212 |
| Total current assets | | 24,497,376 | 24,062,424 |
| TOTAL ASSETS | | 86,098,971 | 87,981,622 |
| EQUITY | | | |
| Share capital | 14 | 3,203,200 | 3,203,200 |
| Legal reserve | | 12,434,282 | 12,434,282 |
| Fair value reserve | | 407,589 | 550,809 |
| Employees' benefits reserve | | 14,010 | 5,975 |
| Translation reserve | 15 | (7,857,628) | (7,314,294) |
| Other statutory reserves | | 1,299,489 | 1,299,489 |
| Retained earnings | | 13,622,035 | 12,947,508 |
| Equity attributable to shareholders of the parent | | 23,122,977 | 23,126,969 |
| Non-controlling interests | | 5,510,172 | 5,978,017 |
| Total equity | | 28,633,149 | 29,104,986 |

The accompanying notes are an integral 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 2020

| | | <u>30 September</u> <u>2020</u> <i>(Reviewed)</i> <i>QR.'000</i> | <u>31 December</u> <u>2019</u> <i>(Audited)</i> <i>QR.'000</i> |
|--------------------------------------|-------------|---|---|
| | <u>Note</u> | | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 18 | 24,479,576 | 25,336,943 |
| Employees' benefits | 19 | 706,696 | 766,619 |
| Lease liabilities | 21 | 5,891,246 | 5,692,809 |
| Deferred tax liabilities | | 292,659 | 340,468 |
| Other non-current liabilities | | 2,430,541 | 2,658,393 |
| Contract liabilities | | 8,625 | 11,481 |
| Total non-current liabilities | | 33,809,343 | 34,806,713 |
| Current liabilities | | | |
| Loans and borrowings | 18 | 5,525,680 | 5,410,332 |
| Lease liabilities | 21 | 1,034,685 | 956,494 |
| Trade and other payables | 20 | 13,396,444 | 13,774,974 |
| Deferred income | | 2,047,580 | 2,265,590 |
| Contract liabilities | | 190,389 | 117,768 |
| Income tax payable | | 1,461,701 | 1,544,765 |
| Total current liabilities | | 23,656,479 | 24,069,923 |
| Total liabilities | | 57,465,822 | 58,876,636 |
| TOTAL EQUITY AND LIABILITIES | | 86,098,971 | 87,981,622 |


Faisal Bin Thani Al Thani
Chairman


Nasser Mohammed Marafih
Deputy Chairman

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.

The accompanying notes are an integral 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 2020

| | Attributable to shareholders of the parent | | | | | | | Non – | | |
|---|--|---------------|--------------------|-----------------------------|---------------------|--------------------------|-------------------|------------|-----------------------|--------------|
| | Share capital | Legal reserve | Fair value reserve | Employees’ benefits reserve | Translation reserve | Other statutory reserves | Retained earnings | Total | controlling interests | Total equity |
| | QR. '000 | QR. '000 | QR. '000 | QR. '000 | QR. '000 | QR. '000 | QR. '000 | QR. '000 | QR. '000 | QR. '000 |
| At 1 January 2020 | 3,203,200 | 12,434,282 | 550,809 | 5,975 | (7,314,294) | 1,299,489 | 12,947,508 | 23,126,969 | 5,978,017 | 29,104,986 |
| Profit for the period | - | - | - | - | - | - | 1,468,217 | 1,468,217 | 225,382 | 1,693,599 |
| Other comprehensive income (loss) | - | - | (135,162) | 8,035 | (543,334) | - | - | (670,461) | (192,259) | (862,720) |
| Total comprehensive income (loss) for the period | - | - | (135,162) | 8,035 | (543,334) | - | 1,468,217 | 797,756 | 33,123 | 830,879 |
| Realized gain on FVTOCI investment recycled to retained earnings | - | - | (8,058) | - | - | - | 8,058 | - | - | - |
| <i>Transaction with shareholders of the parent, recognised directly in equity</i> | | | | | | | | | | |
| Dividend for 2019 | - | - | - | - | - | - | (800,800) | (800,800) | - | (800,800) |
| <i>Transaction with non-controlling interest, recognised directly in equity</i> | | | | | | | | | | |
| Change in associate’s non-controlling interest of its subsidiary | - | - | - | - | - | - | 639 | 639 | - | 639 |
| Dividend for 2019 | - | - | - | - | - | - | - | - | (500,667) | (500,667) |
| <i>Transaction with non-owners of the Group, recognised directly in equity</i> | | | | | | | | | | |
| Transfer to employee association fund | - | - | - | - | - | - | (1,587) | (1,587) | (301) | (1,888) |
| At 30 September 2020 | 3,203,200 | 12,434,282 | 407,589 | 14,010 | (7,857,628) | 1,299,489 | 13,622,035 | 23,122,977 | 5,510,172 | 28,633,149 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

OOREDOO Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine-month period ended 30 September 2020

| | Attributable to shareholders of the parent | | | | | | | Non – controlling interests (Restated) | Total equity |
|--|--|------------------------------|-----------------------------------|---|------------------------------------|--|--|---|-------------------|
| | Share capital QR. '000 | Legal reserve QR. '000 | Fair value reserve QR. '000 | Employees’ benefits reserve QR. '000 | Translation reserve QR. '000 | Other statutory reserves QR. '000 | Retained earnings (Restated) QR. '000 | Total (Restated) QR. '000 | |
| At 1 January 2019 | 3,203,200 | 12,434,282 | 606,299 | 22,031 | (7,805,451) | 1,252,304 | 12,496,038 | 22,208,703 | 28,177,687 |
| Effect of change in accounting policy for: Initial application of IFRS 16 (Note 29) | - | - | - | - | - | - | (416,503) | (416,503) | (427,330) |
| Adjusted balance as at 1 January 2019 (Note 29) | 3,203,200 | 12,434,282 | 606,299 | 22,031 | (7,805,451) | 1,252,304 | 12,079,535 | 21,792,200 | 27,750,357 |
| Profit for the period | - | - | - | - | - | - | 1,265,218 | 1,265,218 | 1,513,767 |
| Other comprehensive income (loss) | - | - | (48,223) | 239 | 188,967 | - | - | 140,983 | 173,228 |
| Total comprehensive income (loss) for the period | - | - | (48,223) | 239 | 188,967 | - | 1,265,218 | 1,406,201 | 1,686,995 |
| Realized gain on FVTOCI investment recycled to retained earnings | - | - | (11,856) | - | - | - | 11,856 | - | - |
| Employee benefit reserve recycled to retained earnings | - | - | - | (12,977) | - | - | 12,977 | - | - |
| <i>Transaction with shareholders of the parent, recognised directly in equity</i> | | | | | | | | | |
| Dividend for 2018 | - | - | - | - | - | - | (800,800) | (800,800) | (800,800) |
| <i>Transaction with non-controlling interest, recognised directly in equity</i> | | | | | | | | | |
| Change in subsidiary’s non-controlling interest | - | - | - | - | - | - | (82) | (82) | (808) |
| Change in associate’s non-controlling interest of its subsidiary | - | - | - | - | - | - | 14,924 | 14,924 | 14,924 |
| Dividend for 2018 | - | - | - | - | - | - | - | (559,022) | (559,022) |
| <i>Transaction with non-owners of the Group, recognised directly in equity</i> | | | | | | | | | |
| Transfer to employee association fund | - | - | - | - | - | - | (1,515) | (1,515) | (1,802) |
| At 30 September 2019 | 3,203,200 | 12,434,282 | 546,220 | 9,293 | (7,616,484) | 1,252,304 | 12,582,113 | 22,410,928 | 28,089,844 |

The accompanying notes are an integral 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 2020

| | | <i>For the nine-month period ended 30 September</i> | |
|--|-------------|---|--------------------|
| | | <i>2020</i> | <i>2019</i> |
| | | <i>(Reviewed)</i> | |
| | <i>Note</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| OPERATING ACTIVITIES | | | |
| Profit before income taxes | | 2,009,161 | 1,775,592 |
| Adjustments for: | | | |
| Depreciation and amortization | 8, 9, 10 | 6,155,384 | 6,377,139 |
| Dividend income | | - | (2,822) |
| Impairment provision (reversal) on financial assets and other assets | | 1,004 | (2,533) |
| Gain on disposal of investments at FVTPL | | - | 51 |
| Changes in fair value of FVTPL investments | | (2,592) | 3,562 |
| Gain on disposal of property, plant and equipment | | (103,341) | (54,505) |
| Net finance costs | | 1,407,548 | 1,548,037 |
| Provision for employees' benefits | | 87,730 | 95,122 |
| Provision against doubtful debts | | 255,854 | 183,743 |
| Share of results in associates and joint ventures – net of tax | 11 | (24,166) | (36,167) |
| Operating profit before working capital changes | | 9,786,582 | 9,887,219 |
| Working capital changes: | | | |
| Changes in inventories | | 123,720 | 102,219 |
| Changes in trade and other receivables | | 806,196 | (783,959) |
| Changes in contract costs and assets | | 2,272 | (112,217) |
| Change in trade and other payables | | (440,953) | (663,373) |
| Change in contract liabilities | | 69,765 | (11,162) |
| Cash from operations | | 10,347,582 | 8,418,727 |
| Finance costs paid | | (1,587,340) | (1,627,992) |
| Employees' benefits paid | | (148,493) | (181,392) |
| Income tax paid | | (434,325) | (441,496) |
| Net cash from operating activities | | 8,177,424 | 6,167,847 |
| INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | 8 | (3,295,444) | (3,306,864) |
| Acquisition of intangible assets | 9 | (873,836) | (992,199) |
| Additional investment in equity instruments | | (8,011) | - |
| Investment in associates | | (2,516) | (15,892) |
| Proceeds from disposal of property, plant and equipment | | 268,835 | 93,543 |
| Proceeds from disposal of investments at FVTPL | | 15,719 | 16,015 |
| Movement in restricted deposits | | (187,600) | (38,178) |
| Movement in short-term deposits | | 112,980 | (87,826) |
| Movement in other non-current assets | | 13,274 | (156,029) |
| Dividend received | | 61,384 | 81,794 |
| Interest received | | 196,838 | 241,213 |
| Net cash used in investing activities | | (3,698,377) | (4,164,423) |

The accompanying notes are an integral 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 2020

| | | <i>For the nine-month period ended 30 September</i> | |
|--|----|---|-----------------|
| | | <i>2020</i> | <i>2019</i> |
| | | <i>(Reviewed)</i> | |
| <u>Note</u> | | <i>QR. '000</i> | <i>QR. '000</i> |
| FINANCING ACTIVITIES | | | |
| | | - | (808) |
| | | 7,706,717 | 9,125,188 |
| | | (7,894,528) | (14,604,875) |
| | 21 | (823,932) | (853,213) |
| | | (3,191) | (30,213) |
| | 17 | (800,800) | (800,800) |
| | | (500,667) | (559,022) |
| | | (227,852) | 505,470 |
| Net cash used in financing activities | | (2,544,253) | (7,218,273) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | 1,934,794 | (5,214,849) |
| | | (401,648) | (9,924) |
| | | 13,353,881 | 16,533,142 |
| CASH AND CASH EQUIVALENTS 30 SEPTEMBER | 13 | 14,887,027 | 11,308,369 |



OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

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 Parent Company of the Group.

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

The condensed consolidated interim financial statements of the Group for nine-month period ended 30 September 2020 were authorised for issuance in accordance with a resolution of the Board of Directors of the Group on 28 October 2020.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the nine-month period ended 30 September 2020 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 2019. In addition, results for the nine-month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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, the key sources of estimation uncertainty and financial risk management objectives and policies were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2019, except those discussed in Note 3.2 and Note 30, which are primarily arising due to impact of Coronavirus (“COVID-19”).

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

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 2019, 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 and as disclosed in Note 3.2.

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

(i) Revised standards

Effective for annual periods beginning on or after 1 January 2020

- Amendments to IFRS 3 *Amendments to clarify the definition of a business*
- Amendments to IFRS 7 *Amendments regarding pre-replacement issues in the context of the IBOR reform.*
- Amendments to IFRS 9 *Amendments regarding pre-replacement issues in the context of the IBOR reform*
- Amendments to IAS 1, IAS 8 *Amendments regarding the definition of material*
- Amendments to References to the Conceptual Framework *Amendments to References to the Conceptual Framework in IFRS Standards*

Effective for annual periods beginning on or after 1 June 2020

- Amendment to IFRS 16 *Amendments to Rent Concessions (COVID-19-Related)*

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

Effective for annual periods beginning on or after 1 January 2022

- Amendments regarding the classification of liabilities
- Amendments regarding IAS 16 Property, Plant and Equipment — Proceeds before Intended Use
- Annual improvement 2018-2020 Cycle
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

Effective for annual periods beginning on or after 1 January 2023

- Original issue regarding IFRS 17 Insurance contracts
- Amendments regarding IFRS 17

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

3.2 CHANGES IN ACCOUNTING POLICIES

Impact of the initial application of Interest Rate Benchmark Reform amendment to IFRS 9

The Group has adopted Amendments to IFRS 9 regarding pre-replacement issues in the context of the IBOR reform. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The Group has floating rate debt, linked to USD LIBOR (bank loans), which it has partially cash flow hedged using floating to fixed interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms. The adoption has not had any material impact on the disclosures or on the amounts reported in these interim condensed consolidated financial statements.

The Group will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the impact to the underlying cash flows that the Group is exposed ends.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

3.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Amendment to IFRS 16 – COVID-19-Related Rent Concessions

The Group has adopted Amendment to IFRS 16 Amendments to Rent Concessions, under which any rent discounts arising as a result of COVID-19 are not assessed as lease modifications subject to certain conditions. Their adoption has not had any material impact on the disclosures or on the amounts reported in these interim condensed consolidated financial statements.

Change in estimated useful life

During 2019, Asiacell Communications PJSC (“Asiacell”) applied for renewal of its mobile license for an additional period of 5 years. The renewal request was approved by Commission of Media and Communication during 2020 and as a result the estimated useful life was increased from 15 to 20 years during the nine-month period ended 30 September 2020. However, no additional cost was capitalized as it could not be estimated reliably and will be determined in subsequent periods after agreement with relevant authorities.

Change in functional currency by Asiacell

On 1 January 2020, Asiacell has changed its functional currency from US Dollar to Iraqi Dinar. The subsidiary changed its functional currency as it has met the requirements of IFRS.

4 REVENUE

| | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|-------------------------------------|--|------------------|---|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <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 | 6,965,838 | 7,121,499 | 20,416,260 | 20,811,393 |
| Sale of telecommunication equipment | 284,382 | 258,709 | 855,704 | 930,813 |
| Equipment rental revenue | 45,686 | 76,835 | 142,012 | 222,956 |
| | <u>7,295,906</u> | <u>7,457,043</u> | <u>21,413,976</u> | <u>21,965,162</u> |
| | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(Reviewed)</i> | | <i>(Reviewed)</i> | |
| | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| At a point in time | 284,382 | 258,709 | 855,704 | 930,813 |
| Over time | 7,011,524 | 7,198,334 | 20,558,272 | 21,034,349 |
| | <u>7,295,906</u> | <u>7,457,043</u> | <u>21,413,976</u> | <u>21,965,162</u> |

Management expects that the transaction price allocated to the unsatisfied contracts as at 30 September 2020, mainly relating to deferred income, will be recognized as revenue during subsequent period.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

5 OTHER INCOME – NET

| | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|--|--|-----------------|---|-----------------|
| | <i>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</i> |
| | <i>(Reviewed)</i> | | <i>(Reviewed)</i> | |
| | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| Foreign currency gain (loss) – net | 137,535 | (52,681) | 336,937 | (1,117) |
| Dividend income | - | - | - | 2,822 |
| Rental income | 8,252 | 8,397 | 23,823 | 23,277 |
| Change in fair value of derivatives – net | 4,305 | 527 | 8,813 | (5,197) |
| Changes in fair value of FVTPL investments | 2,530 | (1,458) | 2,592 | (3,562) |
| Miscellaneous income | 87,669 | 107,657 | 274,195 | 394,601 |
| | 240,291 | 62,442 | 646,360 | 410,824 |

6 ROYALTIES AND FEES

| | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|----------------------------|--|-----------------|---|-----------------|
| | <i>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</i> |
| | <i>(Reviewed)</i> | | <i>(Reviewed)</i> | |
| | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| Royalty (i) | 60,749 | 70,087 | 180,580 | 208,105 |
| Industry fees (ii) | 50,341 | 51,128 | 135,332 | 155,689 |
| Other statutory fees (iii) | 1,734 | 3,423 | 6,101 | 13,174 |
| | 112,824 | 124,638 | 322,013 | 376,968 |

Notes

- (i) Royalty is payable to the Government of the Sultanate of Oman based on 12% of the net of predefined sources of revenue and interconnection expenses to local operators for mobile license and 7% for fixed license.
- (ii) In accordance with its operating licenses for Public Telecommunications Networks and Services granted in Qatar by ictQATAR, now referred to as the Communications Regulatory Authority (“CRA”), the Company is liable to pay to the CRA an annual industry fee which is calculated at 12.5% of adjusted net profit on regulated activities undertaken in Qatar pursuant to the licenses.
- (iii) Contributions by National Mobile Telecommunications Company K.S.C.P. to Kuwait Foundation for the Advancement of Sciences (“KFAS”), National Labour Support Tax (“NLST”) and Zakat are included under other statutory fees.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

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-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|--|--|-----------------|---|-----------------|
| | <i>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</i> |
| | <i>(Reviewed)</i> | | <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) | 649,758 | 424,051 | 1,468,217 | 1,265,218 |
| Weighted average number of shares (In '000) | 3,203,200 | 3,203,200 | 3,203,200 | 3,203,200 |
| Basic and diluted earnings per share (QR.) | 0.20 | 0.13 | 0.46 | 0.39 |

8 PROPERTY, PLANT AND EQUIPMENT

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Net book value at beginning of the period / year | 27,045,039 | 27,207,493 |
| Initial application of IFRS 16 | - | (880,280) |
| Additions | 3,295,444 | 6,344,032 |
| Disposals | (165,325) | (321,819) |
| Reclassification to intangible assets and right-of-use assets | (133,287) | (15,989) |
| Depreciation for the period / year | (4,134,175) | (5,707,580) |
| Exchange adjustment | (674,872) | 419,182 |
| Carrying value at the end of the period / year | 25,232,824 | 27,045,039 |

(i) Asiacell reached an agreement with a local bank wherein it received properties in exchange for the equivalent value of the bank deposits. As at 30 September 2020, Asiacell had received parcels of lands and buildings located in Baghdad and Sulaymaniah amounting to QR. 474,152 thousand (2019: QR. 481,900 thousand). Currently, the legal title is transferred to a related party of Asiacell and it will be transferred in the name of Asiacell upon completing legal formalities. However, the Group has obtained an indemnity letter from the related party that these assets are under the Group's control and the ownership will be transferred upon completing the legal formalities. During the period, Asiacell appointed a third party consultant to review the status of these properties.

(ii) Certain property, plant and equipment are used as collaterals to secure the Group's borrowings.

Refer to Note 30 for the assessment and conclusion made as a result of COVID-19.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

9 INTANGIBLE ASSETS AND GOODWILL

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|--|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Net book value at beginning of the period / year | 26,319,887 | 26,656,686 |
| Additions | 830,138 | 1,124,300 |
| Disposals | (169) | (3,253) |
| Reclassification from property, plant and equipment (Note 8) | 135,973 | 1,273 |
| Amortisation for the period / year | (1,119,362) | (2,032,222) |
| Exchange adjustment | (178,619) | 573,103 |
| Carrying value at the end of the period / year | <u>25,987,848</u> | <u>26,319,887</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.

Refer to Note 30 for the assessment and conclusion made as a result of COVID-19.

10 RIGHT-OF-USE ASSETS

The Group leases several assets including land and buildings, exchange and network assets, subscriber apparatus and other equipment, and IRU assets. The average lease term is 2 to 20 years (2019: 2 to 20 years).

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Net book value at beginning of the period / year | 6,033,848 | - |
| Initial application of IFRS 16 | - | 5,619,868 |
| Additions | 1,196,095 | 1,595,425 |
| Disposals | - | (162,476) |
| Amortisation during the year | (893,293) | (1,108,826) |
| Reclassification to property, plant and equipment | (2,686) | - |
| Reduction on early termination | (4,052) | (11,638) |
| Exchange adjustment | 21,942 | 101,495 |
| Carrying value at the end of the period / year | <u>6,351,854</u> | <u>6,033,848</u> |

Refer to Note 30 for the assessment and conclusion made as a result of COVID-19.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

11 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 2020</i> | <i>31 December 2019</i> |
|---|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Group's share in associates and joint ventures statement of financial position: | | |
| Current assets | 1,086,325 | 1,085,829 |
| Non-current assets | 2,473,557 | 3,009,595 |
| Current liabilities | (882,493) | (743,909) |
| Non-current liabilities | (1,877,274) | (2,280,708) |
| Net assets | 800,115 | 1,070,807 |
| Goodwill | 887,639 | 901,105 |
| Carrying amount of the investment | <u>1,687,754</u> | <u>1,971,912</u> |

| | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> |
|--|--|-----------------|---|
| | <i>2020</i> | <i>2019</i> | <i>2020</i> |
| | <i>(Reviewed)</i> | | <i>(Reviewed)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| Share in revenues of associates and joint ventures | <u>363,133</u> | <u>384,430</u> | <u>1,083,016</u> |
| Share in results of associates and joint ventures – net of tax | <u>23,501</u> | <u>14,282</u> | <u>24,166</u> |
| | | | <u>36,167</u> |

12 FINANCIAL ASSETS – EQUITY INSTRUMENTS

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Investment in equity instruments designated at FVTOCI (i) | 708,636 | 828,789 |
| Financial assets measured at FVTPL (i) | <u>73,097</u> | <u>75,651</u> |
| | <u>781,733</u> | <u>904,440</u> |

The respective fair value of these investments is disclosed in Note 28.

Note

(i) The Group's financial assets comprise of investments in telecommunication related companies, hedge funds, private equity and venture capital funds. The investment in hedge funds is fair valued through the condensed consolidated interim statement of profit or loss.

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

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

13 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>2020</i> | <i>2019</i> |
| | <i>(Reviewed)</i> | |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Bank balances and cash – net of impairment allowance | 16,119,862 | 12,627,483 |
| Bank overdraft | (88,365) | (302,367) |
| | 16,031,497 | 12,325,116 |
| Less: deposits with maturity more than three-months | (96,484) | (186,960) |
| Less: restricted deposits | (1,047,986) | (829,787) |
| Cash and cash equivalents as per condensed consolidated interim statement of cash flows | 14,887,027 | 11,308,369 |

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the Group has recorded an impairment loss of QR. 668 thousand during the nine-month period ended 30 September 2020 (2019: a reversal of QR. 2,976 thousand).

14 SHARE CAPITAL

| | <i>2020</i> | | <i>2019</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. 1 each</i> | | | | |
| At 30 September / 31 December | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Issued and fully paid up | | | | |
| <i>Ordinary shares of QR. 1 each</i> | | | | |
| At 30 September / 31 December | 3,203,200 | 3,203,200 | 3,203,200 | 3,203,200 |

15 TRANSLATION RESERVE

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations, except to the extent they relate to non-controlling interest.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

16 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>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</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 | 121,119 | 115,309 | 351,261 | 335,823 |
| Deferred income tax | | | | |
| Relating to origination and reversal of temporary differences | (20,682) | (20,594) | (35,699) | (73,998) |
| | 100,437 | 94,715 | 315,562 | 261,825 |

Refer to Note 30 for the assessment and conclusion made as a result of COVID-19.

17 DIVIDEND

Dividend paid:

| | <i>For the nine-month period ended 30 September</i> | |
|---|---|-----------------|
| | <i>2020</i> | <i>2019</i> |
| | <i>(Reviewed)</i> | |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Dividend declared and approved at the Annual General Meeting: | | |
| Final Dividend for 2019: QR. 0.25 per share | | |
| (2018: QR. 2.50 per share)* | 800,800 | 800,800 |

*During 2019, the Company implemented the share split as directed by the Qatar Financial Markets Authority, which resulted in the change of par value of an ordinary share from QR. 10 to QR. 1 and accordingly impacted the number of ordinary shares.

18 LOANS AND BORROWINGS

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|--------------------------------|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Loans and borrowings | 30,162,083 | 30,932,248 |
| Less: Deferred financing costs | (156,827) | (184,973) |
| | 30,005,256 | 30,747,275 |

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

18 LOANS AND BORROWINGS (CONTINUED)

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

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---------------------|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Non-current portion | 24,479,576 | 25,336,943 |
| Current portion | 5,525,680 | 5,410,332 |
| | <u>30,005,256</u> | <u>30,747,275</u> |

The fair value of the Group's loans and borrowings, which include loans and borrowings carried at fixed rates and floating rates, amounted to QR. 31,965,286 thousand as at 30 September 2020 (2019: QR. 31,942,380 thousand).

Refer to Note 3.2 for the assessment and impact of IBOR reform.

19 EMPLOYEES' BENEFITS

Employees' benefits represent end of service benefits, pensions and other post-employment benefits, and long-term incentives in the form of incentive points.

The carrying amount of the liability arising from long-term incentive payments is determined by the achievement of certain performance targets and share price of the Company.

As at the reporting date, the carrying amount of liability arising from long-term incentive payments approximates its fair value.

The defined benefit plan assets have been updated to reflect their market value at 30 September 2020.

20 TRADE AND OTHER PAYABLES

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|--|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Trade payables | 3,193,069 | 2,727,934 |
| Accrued expenses | 7,862,214 | 8,410,414 |
| Interest payable | 210,813 | 315,986 |
| Profit payable on Islamic financing obligation | 4,977 | 7,245 |
| License costs payable | 297,284 | 355,101 |
| Amounts due to international carriers -net | 514,155 | 489,513 |
| Negative fair value of derivatives | 126,212 | 98,760 |
| Long term incentive points-based payments | 91,898 | 108,868 |
| Other payables | 1,095,822 | 1,261,153 |
| | <u>13,396,444</u> | <u>13,774,974</u> |

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

21 LEASE LIABILITIES

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|--|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| At beginning of period / year | 6,649,303 | - |
| Initial application of IFRS 16 | - | 4,709,986 |
| Reclassification of finance lease liabilities | - | 887,538 |
| Additions during the period / year | 1,196,095 | 2,014,735 |
| Interest expense on lease liability | 392,556 | 451,996 |
| Principal element of lease payments | (823,932) | (1,265,585) |
| Payment of interest portion of lease liability | (299,150) | (171,325) |
| Reduction on early termination | (6,446) | (11,757) |
| Exchange adjustments | (182,495) | 33,715 |
| Carrying value at the end of the period / year | <u>6,925,931</u> | <u>6,649,303</u> |
| | <i>30 September 2020</i> | <i>31 December 2019</i> |
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Non-current portion | 5,891,246 | 5,692,809 |
| Current portion | 1,034,685 | 956,494 |
| | <u>6,925,931</u> | <u>6,649,303</u> |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored by the Group's treasury function.

| | <i>30 September 2020</i> | <i>31 December 2019</i> |
|--|------------------------------|-----------------------------|
| | <i>(Reviewed)</i> | <i>(Audited)</i> |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Maturity analysis | | |
| Not later than 1 year | 1,541,847 | 1,429,929 |
| Later than 1 year and not later than 5 years | 4,654,981 | 4,219,386 |
| Later than 5 years | 3,409,504 | 3,394,521 |
| Less: deferred financing costs | (2,680,401) | (2,394,533) |
| | <u>6,925,931</u> | <u>6,649,303</u> |

22 ASSETS HELD FOR SALE

A portion of assets relating to Artajasa Pembayaran Elektronik ("APE"), a subsidiary of PT Indosat before 2017, were classified as held for sale in 2017 following the approval by the Extraordinary General Shareholders' Meeting of APE in order to divest portion of PT Indosat's investment based on requirements of local jurisdiction. The classification resulted in loss of PT Indosat's control over APE and it was classified as an associate. Subsequently, on 28 May 2020, the Board of Commissioners of Lintasarta approved the plan to sell PT Indosat's entire investment in APE's shares. The related assets held for sale are measured at the lower of carrying amount or fair value less cost to sell.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

23 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>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</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>Cash flow hedges</i> | | | | |
| Gain (loss) arising during the period | 1,818 | (1,696) | (7,236) | (6,150) |
| Deferred tax effect | - | 6 | - | 36 |
| | 1,818 | (1,690) | (7,236) | (6,114) |
| Share of changes in fair value of cash flow hedges | (667) | (10,492) | (15,757) | (37,367) |
| <i>Foreign exchange reserve</i> | | | | |
| Foreign exchange translation differences – foreign operations | 8,925 | (129,350) | (736,600) | 220,987 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| <i>Fair value reserve</i> | | | | |
| Net changes in fair value of equity investments at fair value through other comprehensive income | (60,636) | (8,185) | (112,069) | (5,360) |
| <i>Employees' benefits reserve</i> | | | | |
| Net movement in employees' benefits reserve | (1,387) | 835 | 10,085 | 1,082 |
| Deferred tax effect | 33 | - | (1,143) | - |
| | (1,354) | 835 | 8,942 | 1,082 |
| Other comprehensive income for the period – net of tax | (51,914) | (148,882) | (862,720) | 173,228 |

24 COMMITMENTS

| | <i>30 September 2020</i> | <i>31 December 2019</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 the end of the financial reporting period / year but not provided for | 2,761,314 | 3,203,745 |
| Letters of credit | 197,625 | 185,014 |

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

25 CONTINGENT LIABILITIES AND LITIGATIONS

| | <i>30 September 2020 (Reviewed) QR. '000</i> | <i>31 December 2019 (Audited) QR. '000</i> |
|--|--|--|
| Contingent liabilities | | |
| Letters of guarantees | <u>509,812</u> | <u>827,153</u> |
| Claims against the Group not acknowledged as debts | <u>17,172</u> | <u>22,242</u> |

Litigation

All other litigations position reported in the Group's annual consolidated financial statements as at 31 December 2019 have not materially changed as at 30 September 2020.

Refer to Note 30 for the assessment and conclusion made as a result of COVID-19.

26 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 the Group, itself 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.

- (i) Trade receivables include an amount of QR. 606,287 thousand (2019: QR. 772,653 thousand) receivable from Government and Government related entities.
- (ii) The most significant amount of revenue from a Government related entity amounted to QR. 45,041 thousand (2019: QR. 24,569 thousand).
- (iii) Industry fee (Note 6) 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.

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. 102,843 thousand for the three-month period ended 30 September 2020 (2019: QR. 98,605 thousand) and QR. 286,403 thousand for the nine-month period ended 30 September 2020 (2019: QR. 305,029 thousand), and end of service benefits amounted to QR. 4,167 thousand for the three-month period ended 30 September 2020 (2019: QR. 3,560 thousand) and QR. 12,720 thousand for the nine-month period ended 30 September 2020 (2019: QR. 20,627 thousand). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administrative expenses".

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

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

NMTC group is a provider of mobile telecommunication services in Kuwait and elsewhere in the MENA region. NMTC group includes balances and results of Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Algeria, Wataniya Palestine, Ooredoo Maldives PLC and others. In 2020, based on the recent information and circumstances, management reassessed and concluded that each of the aforementioned entity represents a separate operating segment and should be assessed individually whether it meets the criteria of IFRS 8 Operating Segments, as a reportable segment. If not, such is reported as part of "Others".

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.

In prior period, the Group has written down its assets to its recoverable amount and recorded an impairment loss when the recoverable amount of assets is lower than its carrying amount.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

27 SEGMENT INFORMATION (CONTINUED)

Operating segments

The following table present revenue and profit information regarding the Group's operating segments for the three-month period ended 30 September 2020 and 2019:

For the three-month period ended 30 September 2020 (Reviewed)

| | <i>Ooredoo Qatar QR. '000</i> | <i>Asiacell QR. '000</i> | <i>Ooredoo Algeria 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 | 1,718,599 | 1,050,863 | 563,469 | 1,722,477 | 601,819 | 288,439 | 1,020,172 | - | 6,965,838 |
| Sale of telecommunications equipment | 16,824 | - | 1,467 | 11,348 | 18,670 | 402 | 235,671 | - | 284,382 |
| Revenue from use of assets by others | 1,071 | - | - | 33,823 | 6,166 | 2,816 | 1,810 | - | 45,686 |
| Inter-segment | 30,529 | 284 | 6,049 | 370 | 768 | 290 | 74,335 | (112,625) (i) | - |
| Total revenue | 1,767,023 | 1,051,147 | 570,985 | 1,768,018 | 627,423 | 291,947 | 1,331,988 | (112,625) | 7,295,906 |
| Timing of revenue recognition | | | | | | | | | |
| At a point in time | 43,279 | - | 1,467 | 11,348 | 18,670 | 402 | 254,580 | (45,364) | 284,382 |
| Over time | 1,723,744 | 1,051,147 | 569,518 | 1,756,670 | 608,753 | 291,545 | 1,077,408 | (67,261) | 7,011,524 |
| | 1,767,023 | 1,051,147 | 570,985 | 1,768,018 | 627,423 | 291,947 | 1,331,988 | (112,625) | 7,295,906 |
| Results | | | | | | | | | |
| Segment profit (loss) before tax* | 555,940 | 274,847 | 42,637 | (34,766) | 84,455 | (54,466) | 92,009 | (107,457) (ii) | 853,199 |
| Depreciation and amortisation | 235,637 | 224,658 | 153,792 | 658,869 | 184,842 | 227,982 | 251,209 | 107,457 (iii) | 2,044,446 |
| Net finance costs | 167,570 | 1,334 | 8,442 | 221,479 | 10,444 | 54,927 | 17,447 | - | 481,643 |

*Segment profit (loss) before tax is determined after deducting all expenses attributable to the segment including depreciation, amortisation and impairment of assets and finance cost.

**During 2020, the Group has reassessed its level of aggregation of its segment information under IFRS 8, Operating Segments for NMTC Group and as described above. The Group has revised and concluded that each of NMTC's subsidiary is a separate operating segment and hence accounted and disclosed individually. This has been reflected in the current and comparative periods.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

27 SEGMENT INFORMATION (CONTINUED)

For the three-month period ended 30 September 2019 (Reviewed)

| | <i>Ooredoo Qatar</i> | <i>Asiacell</i> | <i>Ooredoo Algeria</i> | <i>Indosat Ooredoo</i> | <i>Ooredoo Oman</i> | <i>Ooredoo Myanmar</i> | <i>Others</i> | <i>Adjustments and eliminations</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> | <i>QR. '000</i> |
| Revenue | | | | | | | | | |
| Revenue from rendering of telecom services | 1,721,898 | 1,151,770 | 613,676 | 1,610,754 | 649,534 | 267,679 | 1,106,188 | - | 7,121,499 |
| Sale of telecommunications equipment | 22,891 | - | 7,753 | 18,040 | 25,833 | 1,085 | 183,107 | - | 258,709 |
| Revenue from use of assets by others | 5,491 | - | - | 62,747 | 4,065 | 3,112 | 1,420 | - | 76,835 |
| Inter-segment | 9,600 | 1,778 | 6,444 | 543 | 2,888 | 861 | 88,846 | (110,960) (i) | - |
| Total revenue | 1,759,880 | 1,153,548 | 627,873 | 1,692,084 | 682,320 | 272,737 | 1,379,561 | (110,960) | 7,457,043 |
| Timing of revenue recognition | | | | | | | | | |
| At a point in time | 23,026 | - | 7,753 | 18,040 | 25,833 | 1,085 | 194,726 | (11,754) | 258,709 |
| Over time | 1,736,854 | 1,153,548 | 620,120 | 1,674,044 | 656,487 | 271,652 | 1,184,835 | (99,206) | 7,198,334 |
| | 1,759,880 | 1,153,548 | 627,873 | 1,692,084 | 682,320 | 272,737 | 1,379,561 | (110,960) | 7,457,043 |
| Results | | | | | | | | | |
| Segment profit (loss) before tax* | 457,464 | 206,501 | 7,602 | 14,879 | 133,763 | (198,657) | 121,730 | (112,637) (ii) | 630,645 |
| Depreciation and amortisation | 224,650 | 325,656 | 185,957 | 666,177 | 178,357 | 189,469 | 252,699 | 112,637 (iii) | 2,135,602 |
| Net finance costs | 193,525 | 2,261 | 8,364 | 201,131 | 7,174 | 60,978 | 25,523 | - | 498,956 |

*Segment profit (loss) before tax is determined after deducting all expenses attributable to the segment including depreciation, amortisation and impairment of assets and finance cost.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

27 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>2020</i> | <i>2019</i> |
| | <i>(Reviewed)</i> | |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Amortisation of intangibles | <u>(107,457)</u> | <u>(112,637)</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 2020

27 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 2020 and 2019:

For the nine-month period ended 30 September 2020 (Reviewed)

| | <i>Ooredoo Qatar</i> | <i>Asiacell</i> | <i>Ooredoo Algeria</i> | <i>Indosat Ooredoo</i> | <i>Ooredoo Oman</i> | <i>Ooredoo Myanmar</i> | <i>Others</i> | <i>Adjustments and eliminations</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> | <i>QR. '000</i> |
| Revenue | | | | | | | | | |
| Revenue from rendering of telecom services | 5,083,452 | 2,981,388 | 1,662,879 | 4,992,351 | 1,793,737 | 859,010 | 3,043,443 | - | 20,416,260 |
| Sale of telecommunications equipment | 47,769 | - | 4,989 | 27,665 | 77,908 | 2,961 | 694,412 | - | 855,704 |
| Revenue from use of assets by others | 10,952 | - | - | 101,258 | 15,011 | 8,569 | 6,222 | - | 142,012 |
| Inter-segment | 137,997 | 1,203 | 17,496 | 2,979 | 2,818 | 1,033 | 221,601 | (385,127) (i) | - |
| Total revenue | 5,280,170 | 2,982,591 | 1,685,364 | 5,124,253 | 1,889,474 | 871,573 | 3,965,678 | (385,127) | 21,413,976 |
| Timing of revenue recognition | | | | | | | | | |
| At a point in time | 160,328 | - | 4,989 | 27,665 | 77,908 | 2,961 | 739,226 | (157,373) | 855,704 |
| Over time | 5,119,842 | 2,982,591 | 1,680,375 | 5,096,588 | 1,811,566 | 868,612 | 3,226,452 | (227,754) | 20,558,272 |
| | 5,280,170 | 2,982,591 | 1,685,364 | 5,124,253 | 1,889,474 | 871,573 | 3,965,678 | (385,127) | 21,413,976 |
| Results | | | | | | | | | |
| Segment profit (loss) before tax* | 1,561,507 | 667,525 | 44,644 | (94,373) | 255,516 | (139,291) | 32,069 | (318,436) (ii) | 2,009,161 |
| Depreciation and amortisation | 666,468 | 687,409 | 506,768 | 2,006,058 | 556,221 | 663,732 | 750,292 | 318,436 (iii) | 6,155,384 |
| Net finance costs | 528,255 | 3,667 | 25,458 | 600,783 | 28,516 | 169,043 | 51,826 | - | 1,407,548 |

*Segment profit (loss) before tax is determined after deducting all expenses attributable to the segment including depreciation, amortisation and impairment of assets and finance cost.

**During 2020, the Group has reassessed its level of aggregation of its segment information under IFRS 8, Operating Segments for NMTC Group and as described above. The Group has revised and concluded that each of NMTC's subsidiary is a separate operating segment and hence accounted and disclosed individually. This has been reflected in the current and comparative periods.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

27 SEGMENT INFORMATION (CONTINUED)

For the nine-month period ended 30 September 2019 (Reviewed)

| | <i>Ooredoo Qatar</i> | <i>Asiacell</i> | <i>Ooredoo Algeria</i> | <i>Indosat Ooredoo</i> | <i>Ooredoo Oman</i> | <i>Ooredoo Myanmar</i> | <i>Others</i> | <i>Adjustments and eliminations</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> | <i>QR. '000</i> |
| Revenue | | | | | | | | | |
| Revenue from rendering of telecom services | 5,228,913 | 3,300,586 | 1,828,793 | 4,557,139 | 1,930,030 | 792,098 | 3,173,834 | - | 20,811,393 |
| Sale of telecommunications equipment | 85,634 | - | 44,197 | 103,069 | 51,063 | 3,800 | 643,050 | - | 930,813 |
| Revenue from use of assets by others | 13,970 | - | - | 183,591 | 11,194 | 8,849 | 5,352 | - | 222,956 |
| Inter-segment | 91,879 | 8,203 | 11,989 | 1,824 | 6,543 | 2,568 | 251,409 | (374,415) (i) | - |
| Total revenue | <u>5,420,396</u> | <u>3,308,789</u> | <u>1,884,979</u> | <u>4,845,623</u> | <u>1,998,830</u> | <u>807,315</u> | <u>4,073,645</u> | <u>(374,415)</u> | <u>21,965,162</u> |
| Timing of revenue recognition | | | | | | | | | |
| At a point in time | 148,010 | - | 44,197 | 103,069 | 51,063 | 3,800 | 678,295 | (97,621) | 930,813 |
| Over time | <u>5,272,386</u> | <u>3,308,789</u> | <u>1,840,782</u> | <u>4,742,554</u> | <u>1,947,767</u> | <u>803,515</u> | <u>3,395,350</u> | <u>(276,794)</u> | <u>21,034,349</u> |
| | <u>5,420,396</u> | <u>3,308,789</u> | <u>1,884,979</u> | <u>4,845,623</u> | <u>1,998,830</u> | <u>807,315</u> | <u>4,073,645</u> | <u>(374,415)</u> | <u>21,965,162</u> |
| Results | | | | | | | | | |
| Segment profit (loss) before tax* | 1,420,019 | 506,138 | 92,670 | (108,728) | 393,690 | (548,183) | 361,866 | (341,880) (ii) | 1,775,592 |
| Depreciation and amortisation | <u>668,615</u> | <u>991,032</u> | <u>538,501</u> | <u>2,002,953</u> | <u>498,008</u> | <u>612,413</u> | <u>723,737</u> | <u>341,880</u> (iii) | <u>6,377,139</u> |
| Net finance costs | <u>653,480</u> | <u>9,089</u> | <u>29,744</u> | <u>583,485</u> | <u>22,247</u> | <u>172,254</u> | <u>77,738</u> | <u>-</u> | <u>1,548,037</u> |

*Segment profit (loss) before tax is determined after deducting all expenses attributable to the segment including depreciation, amortisation and impairment of assets and finance cost.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2020

27 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 30 September</i> | |
|-----------------------------|---|-------------------------|
| | <i>2020</i> | <i>2019</i> |
| | <i>(Reviewed)</i> | |
| | <i>QR. '000</i> | <i>QR. '000</i> |
| Amortisation of intangibles | <u><i>(318,436)</i></u> | <u><i>(341,880)</i></u> |

(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 2020 and 31 December 2019.

| | <i>Ooredoo Qatar</i> | <i>Asiacell</i> | <i>Ooredoo Algeria</i> | <i>Indosat Ooredoo</i> | <i>Ooredoo Oman</i> | <i>Ooredoo Myanmar</i> | <i>Others</i> | <i>Adjustments and eliminations</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> | <i>QR. '000</i> |
| Segment assets (i) | | | | | | | | | |
| At 30 September 2020 (Reviewed) | <u>17,746,923</u> | <u>9,041,282</u> | <u>3,897,513</u> | <u>15,973,640</u> | <u>4,458,816</u> | <u>7,018,220</u> | <u>10,628,238</u> | <u>17,334,339</u> | <u>86,098,971</u> |
| At 31 December 2019 (Audited) | <u>15,708,374</u> | <u>9,592,206</u> | <u>4,459,738</u> | <u>17,637,300</u> | <u>4,168,799</u> | <u>6,733,000</u> | <u>11,671,230</u> | <u>18,010,975</u> | <u>87,981,622</u> |

(i) Goodwill and other intangibles arising from business combinations amounting to QR. 17,334,339 thousand (31 December 2019: QR. 18,010,975 thousand) were 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 2020

28 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 assets and liabilities at 30 September 2020 and 31 December 2019:

| | 30 September 2020 | Level 1 | Level 2 | Level 3 |
|--|----------------------|-------------------|-------------------|-------------------|
| | QR. '000 | QR. '000 | QR. '000 | QR. '000 |
| Assets | | | | |
| Financial assets measured at fair value | | | | |
| FVTOCI | 708,636 | - | 229,962 | 478,674 |
| FVTPL | 73,097 | 1,264 | 71,831 | 2 |
| Derivative financial instrument | 3,559 | - | 3,559 | - |
| Other assets for which fair value is disclosed | | | | |
| Trade and other receivables | 4,179,651 | - | - | 4,179,651 |
| Bank balances and cash | 16,119,862 | - | - | 16,119,862 |
| | <u>21,084,805</u> | <u>1,264</u> | <u>305,352</u> | <u>20,778,189</u> |
| Liabilities | | | | |
| Other financial liabilities measured at fair value | | | | |
| Derivative financial instruments | 126,212 | - | 126,212 | - |
| Long term incentive points-based payments | 166,682 | - | 166,682 | - |
| Other financial liability for which fair value is disclosed | | | | |
| Loans and borrowings | 31,965,286 | 20,521,285 | 11,444,001 | - |
| Other non-current liabilities | 1,310,968 | - | - | 1,310,968 |
| Lease liabilities | 6,925,931 | - | - | 6,925,931 |
| Trade and other payables | 5,316,120 | - | - | 5,316,120 |
| | <u>45,811,199</u> | <u>20,521,285</u> | <u>11,736,895</u> | <u>13,553,019</u> |
| | 31 December 2019 | Level 1 | Level 2 | Level 3 |
| | QR. '000 | QR. '000 | QR. '000 | QR. '000 |
| Assets | | | | |
| Financial assets measured at fair value | | | | |
| FVTOCI | 828,789 | - | 210,487 | 618,302 |
| FVTPL | 75,651 | 1,362 | 74,286 | 3 |
| Other assets for which fair value is disclosed | | | | |
| Trade and other receivables | 4,705,956 | - | - | 4,705,956 |
| Bank balances and cash | 14,716,148 | - | - | 14,716,148 |
| | <u>20,326,544</u> | <u>1,362</u> | <u>284,773</u> | <u>20,040,409</u> |
| Liabilities | | | | |
| Other financial liabilities measured at fair value | | | | |
| Derivative financial instruments | 98,760 | - | 98,760 | - |
| Long term incentive points-based payments | 222,859 | - | 222,859 | - |
| Other financial liability for which fair value is disclosed | | | | |
| Loans and borrowings | 31,942,380 | 21,071,722 | 10,870,658 | - |
| Other non-current liabilities | 1,587,053 | - | - | 1,587,053 |
| Lease liabilities | 6,649,303 | - | - | 6,649,303 |
| Trade and other payables | 5,156,932 | - | - | 5,156,932 |
| | <u>45,657,287</u> | <u>21,071,722</u> | <u>11,192,277</u> | <u>13,393,288</u> |

There were no transfers among levels 1, 2, and 3 for the nine-month period ended 30 September 2020 and for the year ended 31 December 2019.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2020

29 RESTATEMENT OF COMPARATIVE INFORMATION

Certain comparative have been restated in order to account for the amendments and changes in relation to the initial application of IFRS 16. The restatement impacted the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2019, with no material impact on the condensed consolidated interim statements of profit or loss and comprehensive income and cash flows.

| | <i>Adjusted balance as at 1 January 2019 (As previously reported)</i> | <i>Restatement</i> | <i>Adjusted balance as at 1 January 2019 (Restated)</i> |
|---------------------------|---|--------------------|---|
| | <i>QR. '000</i> | <i>QR. '000</i> | <i>QR. '000</i> |
| Retained earnings | 12,089,499 | (9,964) | 12,079,535 |
| Non-controlling interests | 5,958,173 | (16) | 5,958,157 |

30 IMPACT OF COVID-19

On 11 March 2020, COVID-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. The Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2020.

COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed consolidated interim financial statements. The Group's business operations remain largely unaffected by the current situation. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustments to the condensed interim consolidated financial statements:

Impairment of non-financial assets

The Group has performed a qualitative assessment for its investment in CGUs, considering the minimal impact of COVID-19 on entities operating in telecommunication sector, and compared the actual results for the nine-month period ended 30 September 2020 against the budget and industry benchmarks and that conclude the impairment assessment as at 31 December 2019 remains unchanged.

The Group has also considered any impairment indicators and any significant uncertainties impacting its property, plant and equipment (Note 8), and right-of-use assets, especially arising from any changes in lease term (Note 10) and concluded that there is no material impact of COVID-19.

Expected Credit Losses ("ECL") and impairment of financial assets

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of ECLs as at 30 September 2020. The Group has updated the relevant forward-looking information of its international operations with respect to; the weightings of the relevant macroeconomic scenarios of the respective market in which it operates; significant increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors. As a result, the Group has appropriately recorded a provision on impacted assets for the nine-month period ended 30 September 2020.

Further, due to volatility of foreign exchange rates, the Group has also assessed the impact of COVID-19 on foreign exchange rates of the countries it operates in and recorded an appropriate adjustment towards the estimated forex loss on its financial assets and liabilities for the nine-month period ended 30 September 2020.

OOREDOO Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the nine-month period ended 30 September 2020

30 IMPACT OF COVID-19 (CONTINUED)

Income tax, commitments and contingent liabilities

One of the Group's subsidiaries had adjusted its income tax based on the revision corporate tax directives issued by the local regulatory authority. Refer to Note 16.

Further, the Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group entities, customers and suppliers, to determine if there is any potential increase in contingent liabilities and commitments. Refer to Note 24 and 25.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, these interim condensed consolidated financial statements have been appropriately prepared on a going concern basis.

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in 2020.