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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

OOREDOO Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2020

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INDEPENDENT AUDITOR'S REPORT

The shareholders
Ooredoo Q.P.S.C.
Doha, Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ooredoo Q.P.S.C. (the "Company"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
Revenue recognition and related IT systems The Group reported revenue of QR. 28,866,565 thousand from telecommunication related activities. We have considered this as a key audit matter due to the estimates and judgments involved in the application of the revenue recognition accounting standards; and there is an inherent risk around the accuracy and occurrence of revenue recorded given the complexity of IT systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.). Refer to the following notes of the consolidated financial statements: • Note 3.4 – Summary of significant accounting policies; • Note 4 – Revenue; • Note 20 – Contract costs and assets; • Note 42 – Significant accounting judgments and estimates; • Note 44 – Segment information; and • Note 48 – Impact of COVID-19	We tested revenue through a combination of controls testing, data analytics and substantive audit procedures covering, in particular: • Updating our understanding of the significant revenue processes and identifying the relevant controls (including IT systems, interfaces and reports); • Understanding and assessing the impact of COVID-19 pandemic, including impact of remote working, changes in access rights, approval workflows, change management, and application controls due to business process changes; • Performing automated and manual controls tests and substantive tests, to ascertain accuracy and completeness of revenue; • Testing IT general controls, covering pervasive IT risks around access security, change management, data center and network operations; • Testing IT application controls around input, data validation and processing of transactions; • Testing new controls / modified IT controls impacted by COVID-19 changes for period impacted, as applicable • Assessing and testing the Group's revenue accounting policies, including the key judgments and estimates applied by management in consideration of the requirements of IFRSs; • Performing data analysis and analytical reviews on significant revenue streams; and • Testing and validating the controls implemented on the revenue recognition software. Further, we instructed and ensured that the component auditors of the Group's significant entities have performed the audit procedures specified above, as applicable. We also assessed the overall presentation, structure and content of revenue related disclosures in notes 3.4, 4, 20, 42, 44 and 48 to the consolidated financial statements against the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Impairment of intangible assets and goodwill The Group's total assets include intangible assets and goodwill of QR. 26,454,938 thousand, which represents 30% of total assets. We have considered their carrying value as a key audit matter because the evaluation of the recoverable amount of the intangible assets and goodwill requires significant judgments and estimates, especially of the assumptions used in determining the discounted future cash flows and utilization of relevant assets. Refer to the following notes to the consolidated financial statements: • Note 3.2 – Basis of consolidation; • Note 3.4 – Summary of significant accounting policies; • Note 13 – Intangible assets and goodwill; • Note 42 – Significant accounting judgments and estimates; and • Note 48 – Impact of COVID-19	We tested the impairment assessment models and the key assumptions used by management with the involvement of our valuation specialists. Our audit procedures included the following: • Understanding the business process for the impairment assessment, identifying the relevant internal controls and testing their design, implementation and operating effectiveness of controls over the impairment assessment process, including indicators of impairment; • Evaluating whether the cash flows in the models used by management to calculate the recoverable value are in accordance with requirements of IAS 36 Impairment of Assets; • Obtaining and analyzing the approved business plans for each such asset (or CGU, as applicable) to assess accuracy of the computations and the overall reasonableness of key assumptions; • Compared actual historical cash flow results with previous forecasts to assess forecasting accuracy; • Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital ("WACC") and benchmarking that with discount rates used by other similar businesses and external sector related guidelines; • Benchmarking assumptions on long term growth rates of local GDP and long term inflation expectations with external sources of data published by global monetary agencies; and • Where appropriate based on our risk assessment, we have challenged key assumptions used by the Group, reviewed management's sensitivity scenarios and assessed the adequacy of related disclosure, including COVID-19 impact, if any. We performed sensitivity analysis on the key assumptions used by management, by involvement of valuation specialists, to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss. Further, we instructed and ensured that the component auditors of the Group's significant entities have performed the audit procedures specified above, as applicable. We assessed the overall presentation, structure and content of the related disclosures in notes 3.2, 3.4, 13, 42 and 48 to the consolidated financial statements against the requirement of IFRSs.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>
Provisions and contingent liabilities from tax, legal and other regulatory matters

The Group operates in multiple jurisdictions that exposes it to various tax, legal and other regulatory matters. We have considered this as a key audit matter because of the following:

• There is a risk of non-compliance with the regulatory requirements and laws which includes, but not limited to, environmental and taxation laws. Such non-compliance may have a financial impact (i.e., provision, contingent liabilities, etc.) on the components and might also affect the component's ability to continue as going concern.
• The accounting of these matters require significant judgments by management in estimating the provisions and related disclosures in accordance with IFRS.

Refer to the following notes to the consolidated financial statements:

• Note 3.4 – Summary of significant accounting policies;
• Note 19 – Income tax;
• Note 38 – Contingent liabilities;
• Note 42 – Significant accounting judgments and estimates: and
• Note 48 – Impact of COVID-19
</td><td>
In responding to the risks in these matters, our audit procedures included the following:

• Understanding the Group's policies in addressing tax, legal and regulatory requirements;
• Assessing the adequacy of the design, implementation and operating effectiveness of controls over the appropriateness and completeness of provisions;
• Discussing open matters with the Group's tax, legal and regulatory teams;
• Reading external legal opinions and other relevant documents supporting management's conclusions on these matters, where available;
• Obtaining direct confirmation and/ or discussing with Group's legal counsel and tax advisors regarding material cases, where applicable; and
• Where appropriate based on our risk assessment, we have assessed management's position in estimating the provisions, evaluated management's assessment of the Group's ability to continue as going-concern and assessed the sufficiency of the Group's disclosure, including COVID-19 impact, if any.

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

We assessed the overall presentation, structure and content of the related disclosures in notes 3.4, 19, 38, 42 and 48 to the consolidated financial statements against the requirements of IFRSs.
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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Doha – Qatar
14 February 2021

For Deloitte & Touche
Qatar Branch

M. Salha

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

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020

	Note	2020 QR.'000	2019 QR.'000
Revenue	4	**28,866,565**	29,915,541
Operating expenses	5	**(10,806,132)**	(11,031,177)
Selling, general and administrative expenses	6	**(5,966,048)**	(6,094,186)
Depreciation and amortisation	7	**(8,245,460)**	(8,587,649)
Net finance cost	8	**(1,895,576)**	(2,087,666)
Impairment losses on goodwill, financial assets and other assets	12, 13, 16, 23	**(448,535)**	(345,767)
Other income – net	9	**470,615**	1,311,572
Share of results in associates and joint ventures – net of tax	16	**35,276**	57,072
Royalties and fees	10	**(385,676)**	(491,637)
Profit before income tax		**1,625,029**	2,646,103
Income tax	19	**(203,099)**	(422,091)
Profit for the year		**1,421,930**	2,224,012
Profit attributable to:			
Shareholders of the parent		**1,126,475**	1,724,826
Non-controlling interests		**295,455**	499,186
		1,421,930	2,224,012
Basic and diluted earnings per share (Attributable to shareholders of the parent) (Expressed in QR. per share)	11	**0.35**	0.54

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

DELOITTE & TOUCHE
Doha- Qatar
14 FEB 2021
Signed for Identification Purposes Only

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020**	2019
		QR.'000	*QR.'000*
Profit for the year		**1,421,930**	2,224,012
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges	26	**(5,584)**	(4,446)
Share of other comprehensive loss of associates and joint ventures	26	**(15,757)**	(27,211)
Foreign currency translation differences	26	**(863,769)**	572,849
Items that will not be reclassified subsequently to profit or loss			
Net changes in fair value on investments in equity instruments designated as at FVTOCI	26	**(67,953)**	(12,616)
Net changes in fair value of employees' benefits reserve	26	**(29,956)**	(3,658)
Other comprehensive (loss)/income – net of tax		**(983,019)**	524,918
Total comprehensive income for the year		**438,911**	2,748,930
Total comprehensive income attributable to:			
Shareholders of the parent		**464,681**	2,169,270
Non-controlling interests		**(25,770)**	579,660
		438,911	2,748,930

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	**2020**	2019
		QR.'000	*QR.'000*
ASSETS			
Non-current assets			
Property, plant and equipment	12	**26,120,103**	27,045,039
Intangible assets and goodwill	13	**26,454,938**	26,319,887
Right-of-use assets	14	**6,710,353**	6,033,848
Investment property	15	**46,581**	58,007
Investment in associates and joint ventures	16	**1,695,507**	1,971,912
Financial assets – equity instruments	17	**789,007**	904,440
Other non-current assets	18	**740,343**	732,243
Deferred tax assets	19	**643,104**	658,851
Contract costs and assets	20	**188,830**	194,971
Total non-current assets		**63,388,766**	63,919,198
Current assets			
Inventories	21	**397,802**	557,305
Contract costs and assets	20	**367,209**	345,919
Trade and other receivables	22	**7,612,862**	8,360,840
Bank balances and cash	23	**15,678,488**	14,716,148
		24,056,361	23,980,212
Assets held for sale		**291,934**	82,212
Total current assets		**24,348,295**	24,062,424
TOTAL ASSETS		**87,737,061**	87,981,622
EQUITY			
Share capital	24	**3,203,200**	3,203,200
Legal reserve	25 (a)	**12,434,282**	12,434,282
Fair value reserve	25 (b)	**410,925**	550,809
Employees' benefits reserve	25 (c)	**(11,273)**	5,975
Translation reserve	25 (d)	**(7,869,693)**	(7,314,294)
Other statutory reserves	25 (e)	**1,304,333**	1,299,489
Retained earnings		**13,277,770**	12,947,508
Equity attributable to shareholders of the parent		**22,749,544**	23,126,969
Non-controlling interests		**5,451,279**	5,978,017
TOTAL EQUITY		**28,200,823**	29,104,986

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2020

	Note	2020 *QR.'000*	2019 *QR.'000*
LIABILITIES			
Non-current liabilities			
Loans and borrowings	28	**24,325,514**	25,336,943
Employees' benefits	29	**757,163**	766,619
Lease liabilities	32	**6,263,940**	5,692,809
Deferred tax liabilities	19	**301,438**	340,468
Other non-current liabilities	30	**2,550,753**	2,658,393
Contract liabilities	33	**8,247**	11,481
Total non-current liabilities		**34,207,055**	34,806,713
Current liabilities			
Loans and borrowings	28	**5,189,283**	5,410,332
Lease liabilities	32	**1,096,463**	956,494
Trade and other payables	31	**15,613,600**	13,774,974
Deferred income	27	**2,154,890**	2,265,590
Contract liabilities	33	**192,456**	117,768
Income tax payable		**1,082,491**	1,544,765
Total current liabilities		**25,329,183**	24,069,923
TOTAL LIABILITIES		**59,536,238**	58,876,636
TOTAL EQUITY AND LIABILITIES		**87,737,061**	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.

DELOITTE & TOUCHE
Doha-Qatar
14 FEB 2021
Signed for Identification Purposes Only

The accompanying notes 1 to 48 form part of these consolidated financial statements

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Attributable to shareholders of the parent									
	Share capital	***Legal reserve***	***Fair value reserve***	***Employees' - benefits reserve***	***Translation reserve***	***Other statutory reserves***	***Retained earnings***	***Total***	***Non – controlling interests***	***Total equity***
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
At 1 January 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 year	-	-	-	-	-	-	1,126,475	1,126,475	295,455	1,421,930
Other comprehensive loss	-	-	(89,147)	(17,248)	(555,399)	-	-	(661,794)	(321,225)	(983,019)
Total comprehensive income (loss) for the year	-	-	(89,147)	(17,248)	(555,399)	-	1,126,475	464,681	(25,770)	438,911
Realized gain on FVTOCI investment recycled to retained earnings	-	-	(50,737)	-	-	-	50,737	-	-	-
Transactions with shareholders of the parent, recognised directly in equity										
Dividend for 2019 (Note 34)	-	-	-	-	-	-	(800,800)	(800,800)	-	(800,800)
Transfer to other statutory reserves	-	-	-	-	-	4,844	(4,844)	-	-	-
Transactions with non-controlling interest, recognised directly in equity										
Change in associate's non-controlling interest of its subsidiary	-	-	-	-	-	-	639	639	-	639
Dividend for 2019	-	-	-	-	-	-	-	-	(500,667)	(500,667)
Transactions with non-owners of the Group, recognised directly in equity										
Transfer to employee association fund	-	-	-	-	-	-	(1,587)	(1,587)	(301)	(1,888)
Transfer to social and sports fund	-	-	-	-	-	-	(40,358)	(40,358)	-	(40,358)
As at 31 December 2020	**3,203,200**	**12,434,282**	**410,925**	**(11,273)**	**(7,869,693)**	**1,304,333**	**13,277,770**	**22,749,544**	**5,451,279**	**28,200,823**

The accompanying notes 1 to 48 form part of these consolidated financial statements

OOREDOO Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2020

	Attributable to shareholders of the parent									
	Share capital	*Legal reserve*	*Fair value reserve*	*Employees' benefits reserve*	*Translation reserve*	*Other statutory reserves*	*Retained earnings*	*Total*	*Non – controlling interests*	*Total equity*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
At 1 January 2019	3,203,200	12,434,282	606,299	22,031	(7,805,451)	1,252,304	12,496,038	22,208,703	5,968,984	28,177,687
Effect of change in accounting policy for:										
Initial application of IFRS 16	-	-	-	-	-	-	(416,503)	(416,503)	(10,827)	(427,330)
Adjusted balance as at 1 January 2019	3,203,200	12,434,282	606,299	22,031	(7,805,451)	1,252,304	12,079,535	21,792,200	5,958,157	27,750,357
Profit for the year	-	-	-	-	-	-	1,724,826	1,724,826	499,186	2,224,012
Other comprehensive income (loss)	-	-	(43,634)	(3,079)	491,157	-	-	444,444	80,474	524,918
Total comprehensive income (loss) for the year	-	-	(43,634)	(3,079)	491,157	-	1,724,826	2,169,270	579,660	2,748,930
Realized gain on FVTOCI investment recycled to retained earnings	-	-	(11,856)	-	-	-	11,856	-	-	-
Employee benefits reserve recycled to retained earnings	-	-		(12,977)	-	-	12,977	-	-	-
Transactions with shareholders of the parent, recognised directly in equity										
Dividend for 2018 (Note 34)	-	-	-	-	-	-	(800,800)	(800,800)	-	(800,800)
Transfer to other statutory reserves	-	-	-	-	-	47,185	(47,185)	-	-	-
Transactions with non-controlling interest, recognised directly in equity										
Change in subsidiary's non-controlling interest	-	-	-	-	-	-	(317)	(317)	(491)	(808)
Change in associate's non-controlling interest of its subsidiary	-	-	-	-	-	-	8,831	8,831	-	8,831
Dividend for 2018	-	-	-	-	-	-	-	-	(559,022)	(559,022)
Transactions with non-owners of the Group, recognised directly in equity										
Transfer to employee association fund	-	-	-	-	-	-	(1,515)	(1,515)	(287)	(1,802)
Transfer to social and sports fund	-	-	-	-	-	-	(40,700)	(40,700)	-	(40,700)
As at 31 December 2019	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

The accompanying notes 1 to 48 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	**2020**	2019
		QR.'000	*QR.'000*
OPERATING ACTIVITIES			
Profit before income tax		**1,625,029**	2,646,103
Adjustments for:			
Depreciation and amortisation	7	**8,245,460**	8,587,649
Dividend income	9	**(68,501)**	(8,003)
Impairment losses on goodwill, financial assets and other assets	12, 13, 16, 23	**448,535**	345,767
Gain on disposal of investments at FVTPL		**26**	109
Changes in fair value of investments at FVTPL		**(10,733)**	18,640
Gain on disposal of property, plant and equipment		**(142,789)**	(89,880)
Gain on disposal of an investment in associate		**(21,407)**	-
Net finance costs	8	**1,895,576**	2,087,666
Provision for employees' benefits	29	**135,380**	151,363
Allowance for impairment of trade receivables	6	**308,354**	231,337
Share of results in associates and joint ventures – net of tax	16	**(35,276)**	(57,072)
Operating profit before working capital changes		**12,379,654**	13,913,679
Working capital changes:			
Changes in inventories		**159,503**	85,756
Changes in trade and other receivables		**440,087**	(217,209)
Changes in contract costs and assets		**(15,149)**	(77,014)
Changes in trade and other payables		**901,939**	887,622
Changes in contract liabilities		**71,454**	(30,004)
Cash from operations		**13,937,488**	14,562,830
Finance costs paid		**(1,961,274)**	(2,126,334)
Employees' benefits paid	29	**(161,355)**	(170,382)
Income tax paid		**(704,088)**	(506,014)
Net cash from operating activities		**11,110,771**	11,760,100

The accompanying notes 1 to 48 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2020

	Note	2020	2019
		QR.'000	*QR.'000*
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	12	**(5,626,943)**	(5,657,301)
Acquisition of intangible assets	13	**(562,173)**	(478,536)
Additional investments in associates		**(2,686)**	(16,272)
Additional investment in financial assets – equity instruments		**(8,011)**	(6,555)
Proceeds from disposal of property, plant and equipment		**343,939**	167,898
Proceeds from disposal of investments at FVTPL		**65,817**	21,344
Proceeds from disposal of an investment in associate		**79,872**	-
Movement in restricted deposits		**(75,666)**	(68,777)
Movement in short-term deposits		**76,511**	(110,330)
Movement in other non-current assets		**(14,452)**	(174,152)
Dividend received		**132,687**	119,387
Interest received		**253,360**	316,427
Net cash used in investing activities		**(5,337,745)**	(5,886,867)
FINANCING ACTIVITIES (i)			
Acquisition of non-controlling interest		**-**	(808)
Proceeds from loans and borrowings		**8,244,131**	10,141,788
Repayments of loans and borrowings		**(9,205,411)**	(16,664,562)
Principal element of lease payments	32	**(1,280,481)**	(1,265,585)
Additions to deferred financing costs	28	**(3,614)**	(30,028)
Dividend paid to shareholders of the parent	34	**(800,800)**	(800,800)
Dividend paid to non-controlling interests		**(500,667)**	(559,022)
Movement in other non-current liabilities		**(344,326)**	364,467
Net cash used in financing activities		**(3,891,168)**	(8,814,550)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1,881,858**	(2,941,317)
Effect of exchange rate fluctuations		**(626,256)**	(237,944)
Cash and cash equivalents at 1 January		**13,353,881**	16,533,142
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	23	**14,609,483**	13,353,881

(i) Refer to Note 23 for details of non-cash transactions.

(ii) Refer to note 47 for the reconciliation of liabilities arising from financing activities.

1 REPORTING ENTITY

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

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

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

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

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

The Company and its subsidiaries (together referred to as the "Group") provide 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 immediate and ultimate Parent Company of the Group.

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

The consolidated financial statements of the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Group on 14 February 2021.

2 BASIS OF PREPARATION

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

b) Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis except for the following:

- Equity instruments, classified as Fair Value Through Other Comprehensive Income ("FVTOCI") and Fair Value Through Profit and Loss ("FVPTL"), are measured at fair value;
- Derivative financial instruments are measured at fair value;
- Liabilities for long term incentive points-based payments arrangements are measured at FVTPL; and
- Asset held for sale are measured at the lower of its carrying amount or fair value less cost to sell.

Historical cost is based on the fair value of the consideration, which is given in exchange for goods and services. The methods used to measure fair values are discussed further in note 40.

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

2 BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in note 42.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 GOING CONCERN

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

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

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

Name of subsidiary	*Principal activity*	*Country of incorporation*	*Group effective shareholding percentage*	
			2020	*2019*
Ooredoo Investment Holding S.P.C.	Investment company	Bahrain	100%	100%
Ooredoo International Investments L.L.C	Investment company	Qatar	100%	100%
Ooredoo Group L.L.C.	Management service company	Qatar	100%	100%
Ooredoo South East Asia Holding S.P.C	Investment company	Bahrain	100%	100%
West Bay Holding S.P.C.	Investment company	Bahrain	100%	100%
Ooredoo Asian Investments Pte. Ltd.	Investment company	Singapore	100%	100%
Al Dafna Holding S.P.C.	Investment company	Bahrain	100%	100%
Al Khor Holding S.P.C.	Investment company	Bahrain	100%	100%
IP Holdings Limited	Investment company	Cayman Islands	100%	100%
Ooredoo Myanmar Tower Holding Co.	Investment company	Cayman Islands	100%	100%
wi-tribe Asia Limited	Investment company	Cayman Islands	100%	100%
Ooredoo Asia Pte. Ltd.	Investment company	Singapore	100%	100%
Ooredoo International Finance Limited	Investment company	Bermuda	100%	100%
MENA Investcom S.P.C.	Investment company	Bahrain	100%	100%
Omani Qatari Telecommunications Company S.A.O.G. (“Ooredoo Oman”)	Telecommunication company	Oman	55.0%	55.0%
Starlink W.L.L.	Telecommunication company	Qatar	72.5%	72.5%
National Mobile Telecommunications Company K.S.C.P (“Ooredoo Kuwait”)	Telecommunication company	Kuwait	92.1%	92.1%
Wataniya International FZ – L.L.C.	Investment company	United Arab Emirates	92.1%	92.1%
Al-Bahar United Company W.L.L. ("Phono")	Telecommunication company	Kuwait	92.1%	92.1%
Al Wataniya Gulf Telecommunications Holding Company S.P.C.	Investment company	Bahrain	92.1%	92.1%
Ooredoo Maldives PLC	Telecommunication company	Maldives	83.3%	83.3%
WARF Telecom International Pvt. Ltd.	Telecommunication company	Maldives	59.9%	59.9%
Wataniya Telecom Algerie S.P.A. (”Ooredoo Algeria”)	Telecommunication company	Algeria	74.4%	74.4%
Ooredoo Consortium Ltd.	Investment company	Malta	92.1%	92.1%
Duqm Data Centre SAOC (i)	Telecommunication company	Oman	39.0%	39.0%

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

f) Transactions eliminated on consolidation (continued)

Name of subsidiary	*Principal activity*	*Country of incorporation*	*Group effective shareholding percentage*	
			2020	*2019*
Ooredoo Tunisia Holdings Ltd.	Investment company	Malta	92.1%	92.1%
Ooredoo Malta Holdings Ltd.	Investment company	Malta	100%	100%
Ooredoo Tunisie S.A.	Telecommunication company	Tunisia	84.1%	84.1%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("Ooredoo Palestine") (ii)	Telecommunication company	Palestine	45.4%	45.4%
Raywood Inc.	Investment company	Cayman Islands	100%	100%
Newood Inc.	Investment company	Cayman Islands	100%	100%
Midya Telecom Company Limited ("Fanoos") (iii)	Telecommunication company	Iraq	49.0%	49.0%
Al-Rowad General Services Limited	Investment company	Iraq	100%	100%
Asiacell Communications PJSC	Telecommunication company	Iraq	64.1%	64.1%
wi-tribe Limited	Investment company	Cayman Islands	86.1%	86.1%
Barzan Holding S.P.C.	Investment company	Bahrain	100%	100%
Laffan Holding S.P.C.	Investment company	Bahrain	100%	100%
Zekreet Holding S.P.C.	Investment company	Bahrain	100%	100%
Ooredoo Myanmar Ltd.	Telecommunication company	Myanmar	100%	100%
Al Wokaer Holding S.P.C.	Investment company	Bahrain	100%	100%
Al Wakrah Holding S.P.C.	Investment company	Bahrain	100%	100%
Ooredoo Tamweel Ltd.	Investment company	Cayman Islands	100%	100%
Ooredoo IP L.L.C.	Management service company	Qatar	100%	100%
Ooredoo Global Services L.L.C	Management service company	Qatar	100%	100%
Seyoula International Investments W.L.L	Investment company	Qatar	100%	100%
Fast Telecommunications Company W.L.L.	Telecommunication company	Kuwait	92.1%	92.1%
Ooredoo Myanmar Fintech Limited	Telecommunication company	Myanmar	100%	100%
OIH Investment L.L.C.	Investment company	Qatar	100%	100%
Al Wokaer East L.L.C.	Investment company	Qatar	100%	100%
Barzan East L.L.C.	Investment company	Qatar	100%	100%
Ooredoo Financial Services L.L.C	Investment company	Qatar	100%	100%
Al Wakra East L.L.C.	Investment company	Qatar	100%	100%
OSEA Investment L.L.C.	Investment company	Qatar	100%	100%
PT. Indosat Tbk ("Indosat Ooredoo")	Telecommunication company	Indonesia	65.0%	65.0%
Indosat Singapore Pte. Ltd.	Management service company	Singapore	65.0%	65.0%
PT Indosat Mega Media	Telecommunication company	Indonesia	64.9%	64.9%
PT Starone Mitra Telekomunikasi	Telecommunication company	Indonesia	65.0%	65.0%
PT Aplikanusa Lintasarta (iv)	Telecommunication company	Indonesia	47.0%	47.0%
PT Lintas Media Danawa (iv)	Investment company	Indonesia	32.9%	32.9%
PT Interactive Vision Media	Telecommunication company	Indonesia	64.9%	64.9%
PT Portal Bursa Digital (iv)	Investment company	Indonesia	40.3%	40.3%

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

(i) The Group has the power, indirectly through Omani Qatari Telecommunications Company S.A.O.G. ("Ooredoo Oman") by virtue of Ooredoo Oman having more than 51% of the voting interest or control in this company, to which exposes the Group to variable return from its investment and gives ability to affect those returns through its power over them, hence, this company has been considered as a subsidiary of the Group.

(ii) The Group holds 45.4% (2019: 45.4%) of Ooredoo Palestine and has established control over the entity as it can demonstrate power through its indirect ownership of National Mobile Telecommunications Company K.S.C.P. ("NMTC") by virtue of NMTC having more than 51% of the voting interests in Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("Ooredoo Palestine"). This exposes and establishes rights of the Group to variable returns and gives ability to affect those returns through its power over Ooredoo Palestine. Wataniya Palestine was rebranded to Ooredoo Palestine in 2018 (although the legal name remains Wataniya Palestine).

(iii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 100% (2019: 100%) voting interest held by the Group to carry out investment activities in Iraq. Raywood acquired 49% voting interest of Midya Telecom Company Limited ("Fanoos") in Iraq. Although the Group holds less than a majority of the voting rights of Fanoos, the Group can still demonstrate its power by virtue of shareholders' agreement entered into between Raywood and Fanoos, Iraq. This arrangement exposes the Group to variable returns and gives the ability to affect those returns over Fanoos.

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

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.
In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

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 amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

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 consolidated financial statements.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9. The new disclosure requirements are presented in note 39.

The Group will continue to apply the amendments of IFRS 9 until the uncertainty on timing and impact to the underlying cash flows arising from the interest rate benchmark reforms ended.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16
In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020).

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 *Definition of a business*	1 January 2020

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020. There is no business acquisition for the year ended 31 December 2020.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8 *Definition of material*	1 January 2020

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 – *Reference to the Conceptual Framework*	1 January 2022

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 16 – *Property, Plant and Equipment—Proceeds before Intended Use*	1 January 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2018–2020 Cycle Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, and IFRS 16 *Leases*	1 January 2022

The *Annual Improvements* include amendments to four Standards.

IFRS 1 *First-time Adoption of International Financial Reporting Standards*
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 *Financial Instruments*
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 *Leases*
The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

<u>New and revised IFRSs</u>	**Effective for annual periods <u>beginning on or after</u>**
Amendments to IAS 37 – *Onerous Contracts—Cost of Fulfilling a Contract*	1 January 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the en tity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*	1 January 2023

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date not yet to be set

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

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

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

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

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

The Group principally obtains revenue from following key segments:

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

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

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

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

Revenue from transit services
The Group determines whether it will be acting as principal or an agent on these types of arrangements and accordingly recognises gross revenue if it is a principal, and net revenue if it is an agent.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

Customer loyalty schemes
The Group has concluded that it is acting as an agent on customer loyalty scheme arrangements which are redeemed through its partners hence revenue is accounted on net basis.

The Group concluded that the loyalty scheme gives rise to a separate performance obligation because it generally provides a material right to the customer. The Group allocates a portion of the transaction price to the loyalty scheme liability based on the relative standard standalone selling price of loyalty points and a contract liability is recognised until the points are redeemed or expired.

Value-added services
The Group has offerings where it provides customers with additional content, such as music and video streaming and SMS services, as Value-Added Services (VAS). On this type of services, the Group determines whether they are acting as a principal and accordingly recognizes gross revenue if it is a principal, and net revenue if it is an agent.

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

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

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

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

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

Commission income
When the Group acts in the capacity of an agent rather than as the principal in the transaction, the revenue recognised is the net amount of commission made by the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

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

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

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

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

Leases

A. Definition of leases
The Group assesses whether a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

a. The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
b. The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
c. The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
   (i) The Group has the right to operate the asset; or
   (ii) The Group designed the asset in a way that predetermines how and for what purpose it will be used.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

B. As a lessee

The Group leases several assets including sites, office buildings, shops, vehicles and others. The average lease term is 2 to 20 years. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate over a period of lease term. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease term determined by the Group comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise the following:

a. Fixed payments; and
b. Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets, which do not meet the definition of investment property, separately from other assets and also separately presents lease liabilities, in the consolidated statement of financial position. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all class of underlying assets that have a lease term of 12 months or less, or those leases which have low-value underlying assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components and instead accounts for each lease component and associated non-lease components as a single lease component.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

C. As a lessor

The Group performs an assessment of each lease on inception. If a lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, it is classified as a finance lease, otherwise, it is classified as an operating lease. The Group also considers certain indicators, such as whether the lease is for the major part of the economic life of the asset, as a part of its assessment.

The operating leases entered in to by the Group mainly relate to tower sharing arrangements, which have a lease term of 2 to 15 years. The lessee does not have an option to purchase the asset at the expiry of the lease period, and the unguaranteed residual values do not represent a significant risk for the Group.

The Group has also entered in finance lease arrangements for optical fiber agreements, which have a lease term of 15 to 20 years.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The lease classification of a sub-lease is assessed with reference to the right-of-use asset arising from the head lease, and not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the claimed exemption, the sub-lease is classified as an operating lease.

When an arrangement contains lease and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract. The Group recognises lease payments received under operating leases as income in the consolidated statement of profit or loss, on a straight line basis over the lease term.

Other income - net

Other income represents income generated by the Group that arises from activities outside of the provision for communication services and equipment sales. Key components of other income are recognised as follows:

Fair value gains
Fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquire in a business combination and gains on hedging instruments that are recognised in the consolidated statement of profit or loss.

Dividend income
Dividend income is recognised when the Group's right to receive the dividend is established.

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

Foreign exchange gain and losses
Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Taxation

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unutilised tax losses can be utilised except:
- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each end of the financial reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each end of the financial reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the financial reporting year.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net finance cost

Finance income comprises interest income on funds invested that is recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues in profit or loss, using effective interest method.

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

Property, plant and equipment

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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

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

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

Buildings	5 – 40 years
Exchange and networks assets	5 – 25 years
Subscriber apparatus and other equipment	2 – 10 years

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

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

Borrowing costs

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

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants (continued)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Intangible assets and goodwill

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets and goodwill (continued)

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

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

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

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

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

Investment property

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

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

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

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

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

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

Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

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

Financial instruments

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Classification of financial assets

(i) Debt instruments designated at amortised cost
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

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

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

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

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

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

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

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

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

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other income – net’ line item (note 9);
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the ‘other income – net’ line item (note 9). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other income – net’ line item as part of the fair value gain or loss ; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets

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

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

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

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

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

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

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

(ii) Definition of default
The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group. For trade receivables, the average credit terms are 30-90 days.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Derecognition of financial assets (continued)

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

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

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

Financial liabilities

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other income – net' line item in profit or loss (note 9) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Hedge Accounting

The Group may designates certain derivatives as hedging instruments in respect of interest rate risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.
At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Share capital

Ordinary shares
Ordinary shares are classified as equity. The bonus shares and rights issued during the year are shown as an addition to the share capital. Issue of bonus shares are deducted from the accumulated retained earnings of the Group. Any share premium on rights issue are accounted in compliance with local statutory requirements.

Dividend on ordinary share capital
Dividend distributions to the Group's shareholders are recognized as a liability in the consolidated financial statements in the period in which the dividend are approved by the shareholders. Dividend for the year that are approved after the reporting date of the consolidated financial statements are considered as an event after the reporting date.

Earnings per share

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

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

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

Provisions

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (continued)

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

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

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

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

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

Long-term incentive plan
The Group provides long term incentive points (the "benefit") to its employees under the long term incentive plan. The entitlement to these benefits is based on employee performance and the overall performance of the Group, subject to fulfilling certain conditions ("vesting conditions") under documented plan and is payable upon end of the vesting period (the "exercise date"). The benefit is linked to the performance of employees and the Group, and the Group proportionately recognise the liability against these benefits over the vesting period through the consolidated statement of profit or loss, until the employees become unconditionally entitled to the benefit.

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

Once the benefit is settled in cash at the exercise date, the liability is derecognised. The amount of cash settlement is determined based on number of factors including the number of incentive points awarded, the Company's operating performance based on predetermined targets and the Company's share price performance over the vesting period. On breach of the vesting conditions, the liability is derecognised through the consolidated statement of profit or loss.

Foreign currency transactions

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions (continued)

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

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

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

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

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

Impairment of non-financial assets

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Segment results that are reported to the Group's Chief Operating Decision Maker ("CODM") include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Financial information on operating segments is presented in note 44 to the consolidated financial statements.

Events after the reporting date

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

4 REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following revenue streams. The disclosure of revenue by streams is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see note 44).

	2020	2019
	QR.'000	*QR.'000*
Revenue from rendering of telecommunication services	**27,403,213**	28,238,146
Sale of telecommunications equipment	**1,271,023**	1,380,006
Revenue from use of assets by others	**192,329**	297,389
	28,866,565	29,915,541
Timing of revenue recognition		
At a point in time	**1,271,023**	1,380,006
Overtime	**27,595,542**	28,535,535
	28,866,565	29,915,541

Management expects that the transaction price allocated to the unsatisfied contracts as at 31 December 2020, mainly relating to deferred income (Note 27), will be recognized as revenue during 2021 and 2022.

5 OPERATING EXPENSES

	2020	2019
	QR.'000	*QR.'000*
Outpayments and interconnect charges	**2,189,702**	2,404,144
Regulatory and related fees	**2,488,716**	2,516,260
Rentals and utilities – network	**1,168,026**	1,158,179
Network operation and maintenance	**2,297,286**	2,160,914
Cost of equipment sold and other services	**2,620,389**	2,752,919
Provision for obsolete and slow moving inventories	**42,013**	38,761
	10,806,132	11,031,177

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	QR.'000	*QR.'000*
Employee salaries and associated costs	**3,258,375**	3,207,576
Marketing costs and sponsorship	**708,591**	876,631
Commission on cards	**693,455**	581,063
Legal and professional fees	**175,268**	267,905
Rental and utilities	**104,653**	111,192
Allowance for impairment of trade receivables	**308,354**	231,337
Repairs and maintenance	**87,168**	86,961
Other expenses	**630,184**	731,521
	5,966,048	6,094,186

7 DEPRECIATION AND AMORTISATION

	2020	2019
	QR.'000	*QR.'000*
Depreciation of property, plant and equipment	**5,513,189**	5,707,580
Depreciation of investment property	**11,426**	9,511
Amortisation of intangible assets	**1,503,210**	1,761,732
Amortisation of right-of-use assets	**1,217,635**	1,108,826
	8,245,460	8,587,649

8 NET FINANCE COSTS

	2020	2019
	QR.'000	*QR.'000*
Finance cost		
Interest expenses	**1,412,699**	1,815,641
Profit on Islamic financing obligation	**48,808**	52,745
Amortisation of deferred financing costs (Note 28)	**41,398**	52,158
Interest cost on lease liability	**541,159**	451,996
Other finance charges	**105,621**	32,271
	2,149,685	2,404,811
Finance income		
Interest income	**(254,109)**	(317,145)
Net finance costs	**1,895,576**	2,087,666

9 OTHER INCOME – NET

	2020	2019
	QR.'000	*QR.'000*
Foreign currency-gain – net	**137,396**	156,306
Dividend income	**68,501**	8,003
Rental income	**31,775**	31,464
Change in fair value of derivatives – net	**(22,374)**	(10,661)
Unrealised gain on equity investments at FVTPL	**10,733**	(18,640)
Miscellaneous income – net (i)	**244,584**	1,145,100
	470,615	1,311,572

(i) In 2019, a gain of approximately QR. 668,000 thousand arising from sale and leaseback transaction entered into by one of the Group's subsidiaries, Indosat Ooredoo (Note 12, 14).

10 ROYALTIES AND FEES

	2020	2019
	QR.'000	*QR.'000*
Royalty (i)	**235,401**	276,634
Industry fees (ii)	**145,823**	198,361
Other statutory fees (iii)	**4,452**	16,642
	385,676	491,637

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.

11 BASIC AND DILUTED EARNINGS PER SHARE

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

	2020	2019
Profit for the year attributable to shareholders of the parent (QR.'000)	**1,126,475**	1,724,826
Weighted average number of shares (in '000)	**3,203,200**	3,203,200
Basic and diluted earnings per share (QR.)	**0.35**	0.54

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	*Exchange and networks assets*	*Subscriber apparatus and other equipment*	*Capital work in progress*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Cost					
At 1 January 2019	8,358,632	57,049,975	7,668,791	2,825,108	75,902,506
Initial application of IFRS 16	(1,516,679)	(104,098)	(203,203)	-	(1,823,980)
Additions	11,495	1,135,361	118,203	5,078,973	6,344,032
Transfers	34,613	1,417,801	188,370	(1,640,784)	-
Disposals	(313,883)	(1,964,581)	(271,368)	(16)	(2,549,848)
Reclassification	245,278	2,591,652	106,610	(2,964,319)	(20,779)
Exchange adjustment	161,462	1,125,193	133,050	60,254	1,479,959
At 31 December 2019	6,980,918	61,251,303	7,740,453	3,359,216	79,331,890
Additions	42,741	938,878	74,532	4,570,792	5,626,943
Transfers	203,288	3,949,779	473,639	(4,626,706)	-
Disposals	(33,098)	(1,267,586)	(420,256)	(4,088)	(1,725,028)
Reclassification	90,461	(40,912)	(107)	(226,534)	(177,092)
Exchange adjustment	(161,780)	(1,794,979)	(24,734)	(64,806)	(2,046,299)
At 31 December 2020	**7,122,530**	**63,036,483**	**7,843,527**	**3,007,874**	**81,010,414**
Accumulated depreciation					
At 1 January 2019	4,639,808	38,305,090	5,750,115	-	48,695,013
Initial application of IFRS 16	(820,409)	(25,667)	(97,624)	-	(943,700)
Provided during the year	355,083	4,578,483	774,014	-	5,707,580
Disposals	(203,106)	(1,788,702)	(236,221)	-	(2,228,029)
Reclassification	(9,497)	39,462	(34,755)	-	(4,790)
Exchange adjustment	119,156	838,601	103,020	-	1,060,777
At 31 December 2019	4,081,035	41,947,267	6,258,549	-	52,286,851
Provided during the year	328,241	4,490,105	694,843	-	5,513,189
Impairment during the year	95,084	-	-	-	95,084
Disposals	(32,776)	(1,075,598)	(415,673)	-	(1,524,047)
Reclassification	43,317	(1,683)	1,770	-	43,404
Exchange adjustment	(39,301)	(1,461,715)	(23,154)	-	(1,524,170)
At 31 December 2020	**4,475,600**	**43,898,376**	**6,516,335**	**-**	**54,890,311**
Carrying value					
At 31 December 2020	**2,646,930**	**19,138,107**	**1,327,192**	**3,007,874**	**26,120,103**
At 31 December 2019	2,899,883	19,304,036	1,481,904	3,359,216	27,045,039

(i) In 2018, exchange and network assets included finance lease assets recognized on account of sale and lease back transaction of one of the Group's subsidiaries, Indosat Ooredoo, which form part of right-of-use assets at 31 December 2019.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(ii) Asiacell reached an agreement with a local bank wherein it received properties in exchange for the equivalent value of the bank deposits. As at 31 December 2020, Asiacell had received parcels of lands and buildings located in Baghdad and Sulaymaniah amounting to QR.397,379 thousand (2019: 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 year Asiacell appointed a third party consultant to review the status of these properties.

(iii) Certain property, plant and equipment amounting to QR.84,209 thousand (2019: 138,837 thousand) are used as collaterals to secure the Group's borrowings.

13 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	*License costs*	*Customer contracts and related customer relationship*	*Brand / Trade names*	*IRU, software and other intangibles*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Cost						
At 1 January 2019	9,013,897	28,915,099	604,311	2,539,330	3,796,620	44,869,257
Additions	-	912,835	-	-	211,465	1,124,300
Disposals	-	-	-	-	(94,174)	(94,174)
Reclassification	-	-	-	-	1,273	1,273
Exchange adjustment	287,093	412,683	26,325	75,311	15,855	817,267
At 31 December 2019	9,300,990	30,240,617	630,636	2,614,641	3,931,039	46,717,923
Additions	-	1,437,254	-	-	163,445	1,600,699
Disposals	-	-	-	-	(21,861)	(21,861)
Reclassification	-	-	-	-	226,641	226,641
Exchange adjustment	12,601	(586,995)	(4,455)	(56,176)	(53,078)	(688,103)
At 31 December 2020	**9,313,591**	**31,090,876**	**626,181**	**2,558,465**	**4,246,186**	**47,835,299**

13 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

	Goodwill	*License costs*	*Customer contracts and related customer relationship*	*Brand/ Trade names*	*IRU, software and other intangibles*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Accumulated amortisation and impairment losses						
At 1 January 2019	542,950	13,012,974	603,971	1,546,112	2,506,564	18,212,571
Amortisation / impairment during the year	-	1,641,603	339	84,261	306,019	2,032,222
Disposals	-	-	-	-	(90,921)	(90,921)
Exchange adjustment	19,978	146,519	26,326	37,970	13,371	244,164
At 31 December 2019	562,928	14,801,096	630,636	1,668,343	2,735,033	20,398,036
Amortisation / impairment during the year	312,100	1,086,755	-	81,921	334,534	1,815,310
Disposals	-	-	-	-	(21,692)	(21,692)
Reclassification	-	-	-	-	423	423
Exchange adjustment	5,987	(727,982)	(4,455)	(42,234)	(43,032)	(811,716)
At 31 December 2020	**881,015**	**15,159,869**	**626,181**	**1,708,030**	**3,005,266**	**21,380,361**
Carrying value						
At 31 December 2020	**8,432,576**	**15,931,007**	**-**	**850,435**	**1,240,920**	**26,454,938**
At 31 December 2019	8,738,062	15,439,521	-	946,298	1,196,006	26,319,887

13. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

i. Impairment testing of goodwill

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

Cash generating units	**Carrying value 2020**	Carrying value 2019
	QR.'000	*QR.'000*
Ooredoo Kuwait	**585,284**	587,715
Ooredoo Algeria	**1,804,919**	2,125,951
Ooredoo Tunisie	**2,564,911**	2,466,955
Indosat Ooredoo	**3,144,443**	3,162,271
Asiacell	**291,383**	353,408
Ooredoo Maldives	**29,613**	29,739
Others	**12,023**	12,023
	8,432,576	8,738,062

Goodwill was tested for impairment as at 31 December 2020. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by management covering a period of five years.

During the year, the Group has recorded an impairment loss against certain assets since their recoverable amount was lower than their carrying value.

ii. Key Assumptions used in value in use calculations

Key Assumptions
The principal assumptions used to determine value-in-use include long-term cash flows, discount rates, terminal value growth rate estimates, EBITDA growth rate and CAPEX. The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Forecast revenue growth rates
Forecast revenue growth rates are based on past experience and management's best estimate of future trends in the market including number of customers, penetrations, average revenue per users, new products and services.

Operating profits
Operating profits are forecast based on historical experience of operating margins and management's best estimate of future trends including new revenue streams, cost saving initiatives and expected efficiency improvements.

Discount rates
Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital for each CGU and ranged from 7.6% to 17% (2019: 8.4% to 16.6%). In determining the appropriate discount rates for each unit, the yield local market ten-year government bond is used, where available. If unavailable, yield on a ten-year US Treasury bond and specific risk factors for each country has been taken into consideration.

13. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

ii. Key Assumptions used in value in use calculations (continued)

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

Long-term cash flows and working capital estimates
The Group prepares cash flow forecasts for the next five years, derived from the most recent annual business plan approved by the Board of Directors.

The business plans take into account local market considerations such as the number of subscribers, roaming revenue, average revenue per user, operating costs, taxes, capital expenditure, and EBITDA. The growth rate does not exceed average long-term growth rate for the relevant markets and it ranges from 3.4% to 7.5% (2019: 2.75% to 5.5%)

14 RIGHT-OF-USE ASSETS

	Right-of-use assets				
	Land and buildings	**Exchange and network assets**	**Subscriber apparatus and other equipment**	**Indefeasible rights-of-use (IRU)**	**Total**
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
Cost					
Initial application of IFRS 16 at 1 January 2019	2,822,800	3,892,212	231,053	72,005	7,018,070
Additions	907,695	676,331	7,603	3,796	1,595,425
Reduction on early termination	(6,532)	(8,477)	(15,008)	(1,835)	(31,852)
Disposals	(181,650)	-	-	-	(181,650)
Exchange adjustment	80,866	65,541	8,275	121	154,803
At 31 December 2019	3,623,179	4,625,607	231,923	74,087	8,554,796
Additions	1,111,984	707,432	25,568	13,571	1,858,555
Reduction on early termination	(60,087)	(35,978)	(3,340)	(1,632)	(101,037)
Reclassification	(90,461)	40,912	-	-	(49,549)
Exchange adjustment	(21,836)	129,260	(2,747)	3,778	108,455
At 31 December 2020	**4,562,779**	**5,467,233**	**251,404**	**89,804**	**10,371,220**

14 RIGHT-OF-USE ASSETS (CONTINUED)

	Right-of-use assets				
	Land and buildings	**Exchange and network assets**	**Subscriber apparatus and other equipment**	**Indefeasible rights-of-use (IRU)**	**Total**
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
Accumulated amortisation					
Initial application of IFRS 16 at 1 January 2019	981,963	297,721	98,893	19,625	1,398,202
Provided during the year	482,428	557,810	60,397	8,191	1,108,826
Reduction on early termination	(1,226)	(2,201)	(14,952)	(1,835)	(20,214)
Disposals	(19,174)	-	-	-	(19,174)
Exchange adjustment	41,732	6,554	4,835	187	53,308
At 31 December 2019	1,485,723	859,884	149,173	26,168	2,520,948
Provided during the year	521,795	638,049	46,364	11,427	1,217,635
Reduction on early termination	(36,656)	(7,229)	(3,043)	(1,633)	(48,561)
Reclassification	(43,827)	-	-	-	(43,827)
Exchange adjustment	8,776	4,890	(499)	1,505	14,672
At 31 December 2020	**1,935,811**	**1,495,594**	**191,995**	**37,467**	**3,660,867**
Carrying value					
At 31 December 2020	**2,626,968**	**3,971,639**	**59,409**	**52,337**	**6,710,353**
At 31 December 2019	2,137,456	3,765,723	82,750	47,919	6,033,848

Following the election of the Group not to recognize right-of-use assets and lease liabilities for short-term and low-value leases, QR. 381,083 thousand (2019: QR. 374,334 thousand) and QR. 2,463 thousand (2019:QR. 2,850 thousand), respectively, were recognized as expenses during the year. Moreover, variable lease payments which were recognized as expenses during 2020 amounted to QR. 4,397 thousand (2019: 4,255 thousand).

15 INVESTMENT PROPERTY

	2020	2019
	QR.'000	*QR.'000*
Cost		
At 1 January	**170,593**	151,087
Transfer from property, plant and equipment	**-**	19,506
At 31 December	**170,593**	170,593
Accumulated depreciation		
At 1 January	**112,586**	98,285
Transfer from property, plant and equipment	**-**	4,790
Provided during the year	**11,426**	9,511
At 31 December	**124,012**	112,586
Carrying value		
At 31 December	**46,581**	58,007

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

There was a valuation exercise performed by an external valuer, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. Management believe that the fair value investment property is approximately QR. 224,162 thousand (2019: QR. 237,244 thousand), which is higher than the carrying value at reporting dates. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties/ other methods. The fair value hierarchy for valuation of investment property is categorized under level 2.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to QR. 31,775 thousand (2019: QR. 31,464 thousand).

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

Associate / Joint Venture companies	***Principal activity***	***Classification***	***Country of incorporation***	***Effective ownership***	
				2020	*2019*
Navlink, Inc., a Delaware Corporation	*Managed Service Provider delivering technology solutions in the enterprise data market*	*Associate*	*United States of America*	***38%***	*38%*
Asia Mobile Holdings Pte Ltd ("AMH")	*Holding company*	*Associate*	*Singapore*	***25%***	*25%*
PT Multi Media Asia Indonesia	*Satellite based telecommunication services*	*Associate*	*Indonesia*	***17%***	*17%*
MEEZA QSTP LLC	*Information technology services*	*Associate*	*Qatar*	***20%***	*20%*
PT Citra Bakti, Indonesia	*Product certification and testing*	*Associate*	*Indonesia*	***-***	*9%*
Titan Bull Holdings Limited	*Holding Company*	*Associate*	*Cayman Islands*	***18%***	*18%*
Monetix SPA	*Electronic Banking*	*Associate*	*Algeria*	***19%***	*19%*
SB ISAT Fund, L.P.	*Investment Management*	*Associate*	*Cayman Islands*	***28%***	*28%*
PT Palapa Satelit Nusa Sejahtera	*Satellite Telecommunication Operator and Services*	*Associate*	*Indonesia*	***-***	*23%*
Mountain Indosat Company Ltd ("MCL")	*Business Incubation and Digital Services*	*Associate*	*Hong Kong*	***48%***	*29%*
PT Satera Manajemen Persada Indonesia	*Telecommunication Services and Equipment Provider*	*Associate*	*Indonesia*	***32%***	*32%*
PT Artajasa Pembayaran Elektronis	*Electronic payment services*	*Associate*	*Indonesia*	***-***	*26%*
Asia Internet Holding S.a r.l.,	*Holding Company*	*Joint venture*	*Luxembourg*	***50%***	*50%*
Intaleq Technology Consulting & Services W.L.L	*Technical services for Sports venues and events*	*Joint venture*	*Qatar*	***55%***	*55%*

16 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

	Associates	**Joint ventures**	**Total**	Associates	Joint ventures	Total
	2020	**2020**	**2020**	2019	2019	2019
	QR.'000	***QR.'000***	***QR.'000***	*QR.'000*	*QR.'000*	*QR.'000*
Group's share of associates and joint ventures statement of financial position:						
Current assets	**986,498**	**30,845**	**1,017,343**	1,041,366	44,463	1,085,829
Non-current assets	**2,595,048**	**36,474**	**2,631,522**	2,957,771	51,824	3,009,595
Current liabilities	**(573,044)**	**(3,534)**	**(576,578)**	(740,543)	(3,366)	(743,909)
Non-current liabilities	**(2,293,955)**	**-**	**(2,293,955)**	(2,280,708)	-	(2,280,708)
Equity attributable to owners of the Company	**714,547**	**63,785**	**778,332**	977,886	92,921	1,070,807
Goodwill	**917,175**	**-**	**917,175**	901,105	-	901,105
Carrying amount of the investments	**1,631,722**	**63,785**	**1,695,507**	1,878,991	92,921	1,971,912
Group's share of associates' and joint ventures' revenues and results:						
Revenues	**1,128,522**	**45**	**1,128,567**	1,686,758	34	1,686,792
Profit/(loss) for the year	**56,144**	**(20,868)**	**35,276**	64,622	(7,550)	57,072

In 2020, the Group received dividend from associates amounting to QR. 64,186 thousand (2019: QR.111,384 thousand).

16.1. The significant balance of investment in associates relates to Asia Mobile Holdings Pte Ltd. ("AMH") and PT Artajasa Pembayaran Elektronis. During the year, management has performed impairment assessment of AMH based on the indicators and currently available information. The Group has applied value-in-use approach to determine the recoverable amount of the investment in AMH and no impairment was noted. The Group has used WACC of 6.53% and terminal growth rate of 3.6% in their business model. Management has incorporated their effective share in AMH, based on the estimated unaudited financial information of AMH, in the Group's consolidated financial statements.

16.2. During 2019, the Group recognised an impairment loss allowance of QR. 78,000 thousand on one of its associates.

Although the Group holds less than 20 per cent effective holding of equity shares of certain entities, the Group exercises significant influence by virtue of its contractual right to appoint directors to the board of directors of that entity.

17 FINANCIAL ASSETS – EQUITY INSTRUMENTS

	2020	2019
	QR.'000	*QR.'000*
Investment in equity instrument designated at FVTOCI (i)	**703,178**	828,789
Financial assets measured at FVTPL (i)	**85,829**	75,651
	789,007	904,440

The respective fair value of these investments is disclosed in note 40.

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 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 consolidated statement of profit or loss would not be consistent with the Group's strategy.

18 OTHER NON-CURRENT ASSETS

	2020	2019
	QR.'000	*QR.'000*
Prepaid rentals	**-**	540
Other long term advances (i)	**596,111**	633,703
Others	**144,232**	98,000
	740,343	732,243

(i) Mainly relates to long-term advances for property, plant and equipment and claim for tax refund receivables

19 INCOME TAX

Income tax represents amounts recognised by subsidiary companies. The major components of income tax expense for the years 2020 and 2019 are:

	2020	2019
	QR.'000	*QR.'000*
Current income tax		
Current income tax charge	**359,616**	452,051
Adjustments in respect of previous years' income tax	**(117,802)**	47,925
Deferred income tax		
Relating to origination and reversal of temporary differences	**(38,715)**	(77,885)
Income tax included in the consolidated statement of profit or loss	**203,099**	422,091

The Company is not subject to income tax in the State of Qatar. The tax rate applicable to the taxable subsidiaries is in the range of 10% to 37% (2019: 10% to 37%). For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense allowed in accordance with respective tax laws of subsidiaries.

19 INCOME TAX (CONTINUED)

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

	2020	2019
	QR.'000	*QR.'000*
Profit before tax	**1,625,029**	2,646,103
Profit of parent and subsidiaries not subject to corporate income tax	**(559,458)**	(1,119,738)
Profit of parent and subsidiaries subject to corporate income tax	**1,065,571**	1,526,365
Add:		
Allowances, accruals and other temporary differences	**(101,706)**	(418,455)
Expenses and income that are not subject to corporate tax	**859,234**	822,256
Depreciation – net of accounting and tax	**184,117**	463,491
Unrealised tax losses brought forward	**(16,128)**	(2,045)
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**1,991,088**	2,391,612
Income tax charge at the effective income tax rate of 18% (2019: 19%)	**359,616**	452,051

	Consolidated statement of financial position		***Consolidated statement of profit or loss***	
	2020	2019	**2020**	2019
	QR.'000	*QR.'000*	***QR.'000***	*QR.'000*
Accelerated depreciation for tax purposes	**132,623**	231,967	**16,887**	50,820
Losses available to offset against future taxable income	**224,929**	231,464	**(3,533)**	5,839
Allowances, accruals and other temporary differences	**277,141**	173,838	**2,344**	(2,467)
Deferred tax origination on purchase price allocation	**(293,027)**	(318,886)	**23,017**	23,693
Deferred tax asset / deferred tax income – net	**341,666**	318,383	**38,715**	77,885

Reflected in the consolidated statement of financial position as follows:

	2020	2019
	QR.'000	*QR.'000*
Deferred tax asset	**643,104**	658,851
Deferred tax liability	**(301,438)**	(340,468)
	341,666	318,383

19 INCOME TAX (CONTINUED)

Movement of deferred tax asset – net

	2020	2019
	QR.'000	*QR.'000*
At 1 January	**318,383**	211,632
Initial adoption of IFRS 16	**-**	31,742
Deferred tax income during the year	**38,715**	77,885
Deferred tax on other comprehensive income (loss)	**10,254**	1,054
Exchange adjustment	**(25,686)**	(3,930)
At 31 December	**341,666**	318,383

20 CONTRACT COSTS AND ASSETS

	2020	2019
	QR.'000	*QR.'000*
Current	**367,209**	345,919
Non-Current	**188,830**	194,971
	556,039	540,890

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

21 INVENTORIES

	2020	2019
	QR.'000	*QR.'000*
Subscribers' equipment	**248,013**	344,535
Other equipment	**218,327**	245,984
Cables and transmission equipment	**71,977**	103,585
	538,317	694,104
Less: Provision for obsolete and slow moving inventories	**(140,515)**	(136,799)
	397,802	557,305

Inventories consumed are recognised as expense and included under operating expenses. These amounted to QR. 1,639,355 thousand (2019: QR. 1,744,093 thousand).

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

	2020	2019
	QR.'000	*QR.'000*
At 1 January	**136,799**	106,269
Provided during the year	**42,013**	38,761
Amounts written off	**(31,300)**	(16,743)
Exchange adjustment	**(6,997)**	8,512
At 31 December	**140,515**	136,799

22 TRADE AND OTHER RECEIVABLES

	2020	2019
	QR.'000	*QR.'000*
Trade receivables – net of impairment allowances	**2,785,952**	3,117,478
Other receivables and prepayments – net of impairment allowances	**3,590,069**	3,654,651
Unbilled subscribers revenue – net of impairment allowances	**736,542**	936,294
Amounts due from international carriers – net of impairment allowances	**500,184**	652,184
Net prepaid pension costs	**115**	233
	7,612,862	8,360,840

At 31 December 2020, trade receivables amounting to QR. 1,977,434 thousand (2019: QR. 1,849,915 thousand) were impaired and fully provided for.

At 31 December, the ageing of trade receivables – net of impairment allowances is as follows:

	Trade receivables – days past due					
31 December	**< 30 days**	**30 – 60 days**	**60-90 days**	**90-365 days**	**> 365 days**	**Total**
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
2020	**1,058,939**	**321,862**	**150,679**	**589,936**	**664,536**	**2,785,952**
2019	925,994	441,007	363,377	543,263	843,837	3,117,478

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

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

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of QR. 308,354 thousand (2019: QR. 231,337 thousand) against trade receivables.

22 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Trade receivables – days past due					
31 December 2020	**< 30 days**	**30 – 60 days**	**60-90 days**	**90-365 days**	**> 365 days**	**Total**
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
Expected credit loss rate	**5%**	**9%**	**18%**	**32%**	**70%**	**42%**
Estimated total gross carrying amount at default	**1,112,416**	**354,864**	**184,833**	**864,354**	**2,246,919**	**4,763,386**
Lifetime ECL	**53,477**	**33,002**	**34,154**	**274,418**	**1,582,383**	**1,977,434**

	Trade receivables – days past due					
31 December 2019	< 30 days	30 – 60 days	60-90 days	90-365days	> 365 days	Total
	QR. '000	*QR. '000*	*QR. '000*	*QR. '000*	*QR. '000*	*QR. '000*
Expected credit loss rate	6%	7%	9%	35%	63%	37%
Estimated total gross carrying amount at default	987,453	475,912	398,324	832,435	2,273,269	4,967,393
Lifetime ECL	61,459	34,905	34,947	289,172	1,429,432	1,849,915

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

	2020	2019
	QR.'000	*QR.'000*
Balance as at 1 January	**1,849,915**	1,688,461
Allowance for impairment (Note 6)	**308,354**	231,337
Amounts written off	**(161,843)**	(103,478)
Amounts recovered	**(5,556)**	(937)
Foreign exchange gains and losses	**(13,436)**	34,532
Balance as at 31 December	**1,977,434**	1,849,915

23 CASH AND CASH EQUIVALENTS

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

	2020	2019
	QR.'000	*QR.'000*
Bank balances and cash – net of impairment allowance (i, ii)	**15,678,488**	14,716,148
Bank overdraft	**-**	(292,417)
	15,678,488	14,423,731
Less:		
Deposits with maturity of more than three months (iii)	**(132,953)**	(209,464)
Restricted deposits (iv)	**(936,052)**	(860,386)
Cash and cash equivalents as per consolidated statement of cash flows at 31 December (v)	**14,609,483**	13,353,881

(i) Bank balances and cash equivalents include deposits maturing after three months amounting to QR. 3,381,000 thousand (2019: QR. 3,305,000 thousand). The Group is of the opinion that these deposits are readily convertible to cash and are held to meet short-term commitments

23 CASH AND CASH EQUIVALENTS (CONTINUED)

(ii) Deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest on the respective deposit rates ranging from 0.06% to 12.31% (2019: 1.21% to 12.75%).

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

(iv) During the year 2016, the Communications and Media Commission (CMC) sent letters which restricted Asiacell from using certain bank accounts with a balance of QR 189,994 thousand as of 31 December 2020. On 31 January 2021, Asiacell deposited all the disputed amounts to CMC. Asiacell has also started procedures to release the restrictions on these balances. The remaining balance pertains to certain restricted bank deposits maintained for dividend payments, restricted cash deposits with banks related to issuance of bank guarantees, and the restricted cash related to the derivative financial instruments between the Group and a local bank.

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

Non-cash transaction

During the year, the non-cash additions to intangible assets amounted to QR. 1,038,526 thousand.

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

24 SHARE CAPITAL

	2020		2019	
	No of shares (000)	***QR.'000***	*No of shares (000)*	*QR.'000*
Authorised				
Ordinary shares of QR 1 each*				
At 31 December	**5,000,000**	**5,000,000**	5,000,000	5,000,000
Issued and fully paid up				
Ordinary shares of QR 1 each*				
At 31 December	**3,203,200**	**3,203,200**	3,203,200	3,203,200

**Refer to note 46 for information on share split.*

25 RESERVES

a) Legal reserve

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

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

b) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets - equity instruments at FVTOCI and effective portion of qualifying cash flow hedges.

25 RESERVES (CONTINUED)

b) Fair value reserve (continued)

	2020	2019
	QR.'000	*QR.'000*
Fair value reserve of financial assets - equity instruments at FVTOCI	**451,101**	569,644
Cash flow hedge reserve	**(40,176)**	(18,835)
	410,925	550,809

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

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

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

26 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2020	2019
	QR.'000	*QR.'000*
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
Losses arising during the year	**(5,584)**	(4,486)
Deferred tax effect	**-**	40
	(5,584)	(4,446)
Share of changes in fair value of cash flow hedges from associates and joint ventures	**(15,757)**	(27,211)
Foreign exchange reserve		
Foreign exchange translation differences – foreign operations	**(863,769)**	572,849
	(863,769)	572,849
Items that will not be reclassified subsequently to profit or loss		
Fair value reserve		
Net changes in fair value on investments in equity instruments designated as at FVTOCI	**(67,953)**	(12,616)
	(67,953)	(12,616)
Employees' benefits reserve		
Net movement in employee benefits reserve	**(40,210)**	(4,672)
Deferred tax effect	**10,254**	1,014
	(29,956)	(3,658)
Other comprehensive (loss)/income for the year – net of tax	**(983,019)**	524,918

27 DEFERRED INCOME

Deferred income pertains to unearned revenue from services that will be provided in future periods. It primarily includes revenue from the unused and unutilized portion of prepaid cards sold. The sale of prepaid cards is deferred until such time as the customer uses the airtime, or the credit expires.

28 LOANS AND BORROWINGS

Presented in the consolidated statement of financial position as:

	2020	2019
	QR.'000	*QR.'000*
Non-current liabilities		
Secured loan	**58,415**	143,992
Unsecured loan	**9,922,241**	6,755,480
Islamic Finance	**396,708**	430,516
Bonds	**14,065,021**	18,143,632
Less: Deferred financing costs	**(116,871)**	(136,677)
	24,325,514	25,336,943
Current liabilities		
Secured loan	**53,713**	67,924
Unsecured loan	**1,071,065**	3,757,035
Islamic Finance	**31,381**	259,046
Bonds	**4,063,575**	1,082,207
Bank overdraft	**-**	292,416
Less: Deferred financing costs	**(30,451)**	(48,296)
	5,189,283	5,410,332
	29,514,797	30,747,275

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

	2020	2019
	QR.'000	*QR.'000*
At 1 January	**184,973**	206,750
Additions during the year	**3,614**	30,028
Amortised during the year (Note 8)	**(41,398)**	(52,158)
Exchange adjustment	**133**	353
At 31 December	**147,322**	184,973

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28 LOANS AND BORROWINGS (CONTINUED)

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

Type	*Currency*	*Nominal Interest / Profit rate*	*Year of maturity*	***2020*** ***QR.'000***	*2019* *QR.'000*
Bonds	IDR	7.40% to 11.20%	Mar 20 to Jul 29	**2,652,215**	3,749,458
Bonds	USD	3.25% to 5.00%	Feb 21 to Jan 43	**15,476,381**	15,476,381
Islamic Finance	IDR	8.00 to 11.20%	Jun 20 to Jul 29	**428,089**	689,562
Secured Loans	USD	LIBOR + 3.00% to 6.25%	Jan 20 to Feb 23	**112,128**	211,916
Unsecured Loans	IDR	2% to 8.95%	Dec 21 to Feb 24	**1,111,684**	1,251,901
Unsecured Loans	KWD	CBK + 0.60% - 0.65%	May 21 to Nov 22	**143,640**	432,739
Unsecured Loans	MMK	9% to 12%	Mar 20 to Jul 21	**202,398**	177,514
Unsecured Loans	TND	TMM Rate + 1.1% to 1.75%	Jun 20 to Jun 24	**204,605**	342,734
Unsecured Loans	DZD	5.00% to 5.15%	Dec 24 to Jul 26	**181,969**	-
Unsecured Loans	USD	LIBOR + 0.88% to 5.69%	Immediate to Sep 29	**9,149,010**	8,307,627
Bank overdraft	DZD	4% to 4.90%	Feb 21 to Jun 21	**-**	292,416
				29,662,119	30,932,248
Less: Deferred financing costs				**(147,322)**	(184,973)
Total				**29,514,797**	30,747,275

(i) Loans and borrowings are availed for general corporate and operational purposes , financing working capital requirements and repayment or refinancing of existing borrowing facilities.

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

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

29 EMPLOYEES' BENEFITS

	2020	2019
	QR.'000	*QR.'000*
Employees' end of service benefits	**492,707**	518,782
Long term incentive points-based payments	**201,897**	222,859
Defined benefit pension plan/ Labour Law No. 13/2003	**143,638**	120,990
Other employee benefits	**22,543**	12,856
Total employee benefits	**860,785**	875,487
Current portion of long term incentive points-based payments (Note 31)	**(103,622)**	(108,868)
Employees' benefits – non current	**757,163**	766,619

Movement in the provision for employees' benefits are as follows:

	2020	2019
	QR.'000	*QR.'000*
At 1 January	**875,487**	902,155
Provided during the year	**135,380**	151,363
Paid during the year	**(161,355)**	(170,382)
Other comprehensive income/(loss)	**40,210**	(1,014)
Relating to discontinued operation	**-**	(20,440)
Exchange adjustment	**(28,937)**	13,805
At 31 December	**860,785**	875,487

The carrying amount of the liability arising from long term incentive points-based 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 points-based payments approximates its fair value.

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

Plan A - Post-retirement healthcare plan
One of the subsidiaries, Indosat Ooredoo provides post-retirement healthcare benefits to its employees who leave after the employees fulfill the early retirement requirement. The immediate family of employees who have been officially registered in the records of the company are also eligible to receive benefits. The post-retirement healthcare plan was terminated in 2019.

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

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

Based on the agreement, a participating employee will receive:

- Expiration benefit equivalent to the cash value at the normal retirement age, or
- Death benefit not due to accident equivalent to 100% of insurance money plus cash value when the employee dies not due to accident, or
- Death benefit due to accident equivalent to 200% of insurance money plus cash value when the employee dies due to accident.

29 EMPLOYEES' BENEFITS (CONTINUED)

Actuarial assumptions

The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method, the following were the principal actuarial assumptions at the reporting date.

	2020			2019		
	Plan A	**Plan B**	**Plan C**	Plan A	Plan B	Plan C
Annual discount rate	**-**	**7.50% - 8.00%**	**8.0% -8.5%**	8.5%	7.50% - 8.00%	8.0% -8.5%
Increase in compensation	**-**	**6.5%**	**3.0% - 9.0%**	-	6.5%	3.0% - 9.0%
Mortality rate	**-**	**-**	**TMI 2011**	-	-	TMI 2011

Movement in net defined benefit (asset) liability

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

	2020			2019		
	Plan A	**Plan B**	**Plan C**	Plan A	Plan B	Plan C
	QR.'000	***QR.'000***	***QR.'000***	*QR.'000*	*QR.'000*	*QR.'000*
At 1 January	**-**	**125,324**	**(10,212)**	136,522	96,153	(10,835)
Included in profit or loss						
Interest cost	**-**	**8,722**	**(4,013)**	3,073	8,283	(4,638)
Service cost	**-**	**10,823**	**4,164**	2,137	10,381	5,063
Curtailment gain	**-**	**-**	**-**	(60,256)	-	-
Immediate recognition of past service cost – vested benefit	**-**	**(11,720)**	**52**	-	2,731	-
Cost of employee transfer	**-**	**-**	**-**	-	-	-
	-	**7,825**	**203**	(55,046)	21,395	425
Included in other comprehensive income						
Other comprehensive income	**-**	**28,778**	**11,432**	(2,256)	6,113	815
Other movements						
Contribution	**-**	**-**	**-**	-	-	(126)
Benefit payment	**-**	**(12,134)**	**(10,696)**	(82,303)	(2,387)	-
Refund	**-**	**-**	**963**	-	-	276
Exchange adjustment	**-**	**(918)**	**7,488**	3,083	4,050	(767)
	-	**(13,052)**	**(2,245)**	(79,220)	1,663	(617)
At 31 December	**-**	**148,875**	**(822)**	-	125,324	(10,212)
Current portion	**-**	**5,237**	**(115)**	-	4,334	(233)
Non-current portion	**-**	**143,638**	**(707)**	-	120,990	(9,979)

29 EMPLOYEES' BENEFITS (CONTINUED)

Plan assets comprises investments in shares of stocks and properties, mutual fund, time deposits, debt securities, long-term investment in shares of stock and property. The plan asset has diverse investments and does not have any concentration risk.

Significant actuarial assumptions for the determination of the defined benefit obligation is discount rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Sensitivity analysis on defined benefit obligation

Quantitative sensitivity analysis for each 1% change in the following significant assumptions as of 31 December 2020 are as follows:

	Impact of change in assumptions to defined benefit obligation	
	Increase	**Decrease**
Pension benefit cost		
- Discount rate	Decrease by 4.21% - 6.83%	Increase by 4.54% - 8.01%
Obligation under Labor Law		
- Discount rate	Decrease by 8.42% - 10.99%	Increase by 9.73% - 12.78%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statement of financial position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year a study is performed in which the consequences of the strategic investment policies are analysed in terms of risk-and-return profiles. There has been no change in the processes used by the Group to manage its risks from prior periods.

30 OTHER NON-CURRENT LIABILITIES

	2020	2019
	QR.'000	*QR.'000*
License cost payables (i)	**1,643,092**	1,587,053
Site restoration provision	**124,419**	86,968
Deferred gain on leases	**21,517**	58,734
Others (ii)	**761,725**	925,638
	2,550,753	2,658,393

(i) This represents amounts payable to Telecom regulators in Indonesia, Oman, Palestine and Myanmar for license charges.
(ii) This mainly consist of long-term procurement payables

31 TRADE AND OTHER PAYABLES

	2020	2019
	QR.'000	*QR.'000*
Trade payables	**3,959,703**	2,727,934
Accrued expenses (i)	**8,127,544**	8,410,414
Interest payable	**275,424**	315,986
Profit payable on Islamic financing obligation	**4,594**	7,245
License costs payable	**1,286,535**	355,101
Amounts due to international carriers -net	**514,689**	489,513
Negative fair value of derivatives	**136,457**	98,760
Long term incentive points-based payments (Note 29)	**103,622**	108,868
Other payables	**1,205,032**	1,261,153
	15,613,600	13,774,974

(i) This mainly consist of accrual for operating and capital expenditure including provision for legal and tax cases

32 LEASE LIABILITIES

	2020	*2019*
	QR.'000	*QR.'000*
At January 1	**6,649,303**	-
Initial application of IFRS 16 at 1 January 2019	**-**	4,709,986
Reclassification of finance lease liabilities	**-**	887,538
Additions during the year	**1,858,555**	2,014,735
Interest expense on lease liability	**541,159**	451,996
Principal element of lease payments	**(1,280,481)**	(1,265,585)
Payment of interest portion of lease liability	**(351,682)**	(171,325)
Reduction on early termination	**(35,901)**	(11,757)
Exchange adjustments	**(20,550)**	33,715
	7,360,403	6,649,303

	2020	*2019*
	QR.'000	*QR.'000*
Non-current portion	**6,263,940**	5,692,809
Current portion	**1,096,463**	956,494
	7,360,403	6,649,303

32 LEASE LIABILITIES (CONTINUED)

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.

	2020	2019
	QR.'000	QR.'000
Maturity analysis		
Not later than 1 year	**1,647,188**	1,429,929
Later than 1 year and not later than 5 years	**4,931,930**	4,219,386
Later than 5 years	**3,603,245**	3,394,521
Less: unearned finance cost	**(2,821,960)**	(2,394,533)
	7,360,403	6,649,303

33 CONTRACT LIABILITIES

	2020	2019
	QR.'000	*QR.'000*
Current	**192,456**	117,768
Non-current	**8,247**	11,481
	200,703	129,249

(i) A contract liability mainly arises in respect of the Group's customer loyalty points scheme ("loyalty points"). As these loyalty points provide a benefit to customers that they would not receive without entering into a purchase contract, the promise to provide loyalty points to the customer is a separate performance obligation. The revenue related to unsatisfied or partially satisfied performance obligations is expected to be realized within two years of the reporting date.

There were no significant changes in the contract liability balances during the reporting period.

34 DIVIDEND

Dividend paid and proposed

	2020	2019
	QR.'000	*QR.'000*
Declared, accrued and paid during the year Final dividend for 2019, QR. 0.25 per share (2018: QR. 0.25 per share)	**800,800**	800,800
Proposed for approval at Annual General Meeting (Not recognized as a liability as at 31 December) Final dividend for 2020, QR. 0.25 per share (2019: QR. 0.25 per share)	**800,800**	800,800

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

35 DERIVATIVE FINANCIAL INSTUMENTS

Derivatives not designated as hedging instruments

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

	Notional amounts	
	2020	2019
	QR.'000	*QR.'000*
Cross currency swaps	**36,415**	72,830
Currency forward contracts	**436,980**	145,660
Interest rate swaps	**327,735**	436,980
Fair value derivatives	**305,609**	304,931
	1,106,739	960,401

	Fair values			
	2020		*2019*	
	Derivative Assets QR.'000	***Derivative Liabilities QR.'000***	*Derivative Assets QR.'000*	*Derivative Liabilities QR.'000*
Cross currency swaps	**-**	**3,220**	-	339
Currency forward contracts	**-**	**28,212**	-	6,077
Interest rate swaps	**-**	**9,806**	-	4,222
Fair value derivatives	**-**	**93,740**	-	88,122
	-	**134,978**	-	98,760

At 31 December 2020, the Group has-interest rates swaps entered into with a view to limit its floating interest rate term loans and currency forward contract that effectively limits change in exchange rate for a future transaction.

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

	Derivative Liabilities	***Derivative Assets***	***Notional Amounts***
	QR.'000	***QR.'000***	***QR.'000***
31 December 2020			
Currency forward contracts	**1,479**	**-**	**36,754**
	1,479	**-**	**36,754**

36 OPERATING LEASE ARRANGEMENTS

At the date of statement of financial position, the Company has outstanding commitments under non-cancelable operating leases, which fall due as follows:

	2020	2019
	QR.'000	*QR.'000*
Future minimum lease payments:		
Not later than one year	**44,631**	91,776
Later than one year and not later than five years	**3,688**	3,922
Total short term and low value leases for at 31 December	**48,319**	95,698

Upon adoption of IFRS 16, certain operating lease commitments were identified and considered. The leases are related to short term and low value leases. The above commitments were adjusted accordingly in the calculation of operating lease commitments.

37 COMMITMENTS

Capital expenditure commitments not provided for

	2020	2019
	QR.'000	*QR.'000*
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**2,642,749**	3,203,745
Letters of credit	**206,190**	185,014

38 CONTINGENT LIABILITIES

	2020	2019
	QR.'000	*QR.'000*
Letters of guarantees	**760,170**	827,153
Claims against the Group not acknowledged as debts	**25,978**	22,242

Litigation and claims

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

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

In early 2012, the Attorney General's Office in Jakarta (the "AGO") initiated corruption proceedings against PT Indosat Mega Media ("IM2"), a 99 per cent owned subsidiary of PT Indosat Tbk., a subsidiary of the Group, for unlawful use of a radio frequency band allocation that had been granted to Indosat. On 8 July 2013, the Indonesia Corruption Court imposed a fine against IM2 in a related case against the former President Director of IM2. Both the former President Director of IM2 and the AGO lodged appeals to the Jakarta High Court. A written decision of the Supreme Court was received in January 2015 which confirmed that the Supreme Court had upheld the former President Director of IM2 prison sentence of eight years and that the fine against IM2 of approximately QAR473.4 million (USD130 million) had been reinstated.

38 CONTINGENT LIABILITIES (CONTINUED)

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

On 16 March 2015, the former President Director of IM2 submission of judicial review was officially registered at the Corruption Court. Since the Criminal Case Verdict and the Administrative Case Verdict were contradictory, BPKP (State Audit Bureau) filed on 16 March, 2015 a Judicial Review on the Administrative Case in order to annul the previous Administrative Case Verdict. Due to the BPKP's Judicial Review, on 13 October, 2015 the Supreme Court has issued a verdict (on Administrative Case) which stated that the BPKP audit report held by BPKP is valid. On the Supreme Court's official website, the Supreme Court on 4 November, 2015 issued a verdict (on Criminal Case) that rejected the Judicial Review submitted by the former President Director of IM2. PT Indosat Tbk. is preparing a second judicial review for the Criminal Case.

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

On 26 June 2019, BPKP submitted Judicial Review request against Cassation decision. Indosat's contra memorandum of Judicial Review was submitted on 31 July 2019 and former President Director of IM2 and IM2's contra memorandum of Judicial Review was submitted on 18 September 2019.

Based on information on the Supreme Court's website dated 13 May 2020, the Supreme Court ruled in favor of BPKP. This means that IM2 lost the case and that the decision to fine IM2 still stands.

The Group has provided adequate provision for this case.

(b) Tax demand notices against Asiacell

As at the reporting date, one of the Group's subsidiaries, Asiacell Communication PJSC ("ACL") was subject to tax demand notice by the General Commission for Taxes, Iraq (the "GCT") for the years from 2004 to 2007 for an amount of QR. 225million, 2008 amounting to QR. 118 million, 2009-2010 amounting to QR. 205 million, 2015-2016 amounting to QR. 152 million and 2017 amounting to QR.90 million., and 2019 amounting to QR.16 million. Asiacell has raised an objection against each of these claims. The Group has set up adequate provision against these claims and management is of the view that Asiacell has strong grounds to challenge each of these claims..

(c) Proceedings against Asiacell relating to regulatory fee

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

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

38 CONTINGENT LIABILITIES (CONTINUED)

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

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

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

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

As part of the licence's extension negotiations, Asiacell and CMC have concluded the terms and conditions of the licence extension, for 8 years. The only pending points is related to the 3% licence fee dispute in which Asiacell deposited 100% of the disputed amount at a CMC bank account until a final settlement is reached.

(d) Proceedings against Asiacell relating to universal services fee

On 7 December 2017, the Communication and Media Commission ("CMC") issued a letter notifying Asiacell and other MNOs letters asking them to hold 1.5% of their 2017 Revenues (excluding local interconnection cost) as a Universal Service Fee ("USF"). The CMC will provide further information in the USF regulation that will be issued soon. USF is a license obligation included in Asiacell's License.

The 2017 – 2019 USF cost, calculated at 1.5% of Asiacell's revenue, was QR 197.3 million (USD 49.1 million) The Company has a full provision, as at 31 December 2019, against this claim.

On 19 July 2018, Asiacell received the 2nd letter asking it to provision the 1.5% USF from the end of the 2nd anniversary of the license term (2009) and inform CMC of the provisioned amount within 14 days from receiving the letter. The cost of this decision is around QR 691 million (USD 190 million).

On 13 March 2019, CMC amended its US Policy and Regulation. Main amendment is related to forcing MNOs to open an actual US bank account at specific banks determined by CMC. The US Department, which the amendment established, will manage the US Accounts. Asiacell complied with this request.

CMC sent Asiacell a final warning letter to pay USF 2009-2016 amounts. Asiacell replied and requested a meeting to win time. It is expected that CMC will link this payment to Asiacell licence extension.

No provision has been made for the retroactive claim as of 31 December 2020 as the Company has strong grounds to challenge this retrospective USF claims.

38 CONTINGENT LIABILITIES (CONTINUED)

(e) Tax demand notices against Indosat Ooredoo

As at the reporting date, one of the Group's subsidiaries, Indosat Ooredoo was subject to tax demand assessments by the Indonesia Tax Authority for the Value Added Tax (VAT) claims from years 2009 to 2018 for an amount of QR. 190 million, Corporate tax claims from years 2007 to 2018 amounting to QR. 443 million and Withholding tax from years 2012-2019 amounting to QR. 545 million. The Group has set up adequate provision against these claims and management is of the view that Indosat Ooredoo has strong grounds to challenge each of these claims.

(f) Preliminary tax notification issued on Wataniya Telecom Algeria

In July 2017, the tax authorities started a tax audit covering the period from 2013 to 2016. On 24 December 2018, a final notification for the year 2013 was received by Ooredoo Algeria for QR. 65 million and a final tax notification for the years 2014 to 2016 for an amount QR. 45 million.

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

(g) Tax notification issued to Ooredoo Tunisie

Ooredoo Tunisie received a preliminary tax notification covering the period from 2013-2017. The total amount claimed by Tax Authority is QR. 135 million.

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

(h) Proceeding against Ooredoo Palestine

On 23 October 2017, The Regulator issued a letter notifying Ooredoo Palestine to pay the second payment of the license acquisition fee of amounting QR 291 million (USD 80 million) due to the fact that Ooredoo Palestine reached 700 thousand subscribers. The license sets up a third license payment of QR. 488 million (USD 134 million) when Ooredoo Palestine reaches 1 million subscribers.

In September 2019, the Minister of Finance and Minister of MTIT issued a letter notifying Ooredoo Palestine to pay QR. 779 million (USD 214 million) which is the remaining unpaid second and third payment of license fee. These second and third payments are subject to the assignment of the 2G and 3G spectrum and the actual launch of these services in West Bank and Gaza.

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

(i) Algeria Central Bank against Ooredoo Algeria

In late 2016, Algeria Central Bank ("ACB") conducted a review over Ooredoo Algeria money transfers outside Algeria and currency exchange. The review claims that Ooredoo Algeria has committed money transfer and foreign exchange regulations violations during 2013-2014. Accordingly, Algeria's public persecution along with the Algerian Ministry of Finance has initiated a criminal investigation against Ooredoo Algeria in December 2018. The investigation includes 14 misdemeanor cases against Ooredoo Algeria in relation to money transfer from the Company's export bank account and roaming repatriation of funds without complying with the central bank's processes. In February and March 2019, the criminal court convicted Ooredoo Algeria with 13 (out of 14) misdemeanor cases and sentenced the Company to pay a total of QR 325 million (USD 89.3 million) in fines and compensation.

During 2020, the Group have provided QR 13 million (USD 3.8 million) provision for 11 cases related to the export bank account violations.

In 2020, Ooredoo Algeria have won Ericsson case at the first Instance court and was appealed by Treasury to the appeal case. The Group believes that Ooredoo Algeria is in a strong position due to wining the first instance court decision, therefore the amount of QR 312 million (USD 85.5 million) is not provided for.

39 FINANCIAL RISK MANAGEMENT

Objectives and policies

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

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

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

Market risk

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

Interest rate risk

The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, loans receivable, investment measured at fair value through other comprehensive income, loans payables and borrowings. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates and fixed interest instruments maturing within three months from the end of the financial reporting year.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional amount. The swaps are designated to hedge underlying debt obligations. At 31 December 2020, after taking into the effect of interest rate swaps, approximately 68% of the Group's borrowings are at a fixed rate of interest (2019: 68%).

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

	Effect on consolidated statement of profit or loss +25bp	*Effect on consolidated statement of changes in equity +25 bp*
	QR.'000	*QR.'000*
At 31 December 2020		
USD LIBOR	**(19,848)**	-
Others	**(3,973)**	-
At 31 December 2019		
USD LIBOR	**(19,864)**	-
Others	**(5,231)**	-

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The regulators have made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit IBORs.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk

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

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

	2020	2019
	QR.'000	*QR.'000*
	Assets (Liabilities)	*Assets (Liabilities)*
Indonesian Rupiah (IDR)	**5,204,437**	5,429,219
Kuwaiti Dinar (KD)	**15,545,503**	16,391,058
US Dollars (USD)	**(2,591,477)**	(2,229,049)
Euro (EUR)	**118,244**	202,093
Great British Pounds (GBP)	**8,947**	(668)
Tunisian Dinar (TND)	**3,369,811**	3,259,695
Algerian Dinar (DZD)	**1,611,978**	1,815,222
Iraqi Dinar (IQD)	**2,878,975**	950,924
Myanmar Kyat (MMK)	**1,245,241**	1,540,213
Maldivian Rufiyaa (MVR)	**246,691**	265,849
Singapore Dollar (SGD)	**1,428,150**	1,389,182
United Arab Emirates Dirham (AED)	**976,504**	872,526
Others	**(79,443)**	1,904

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

The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown:

	Effect on consolidated statement of profit or loss		*Effect on consolidated statement of changes in equity*	
	2020 + 10%	*2019 + 10%*	***2020 + 10%***	*2019 + 10%*
	QR.'000	*QR.'000*	***QR.'000***	*QR.'000*
Indonesian Rupiah (IDR)	**-**	-	**520,444**	542,922
Kuwaiti Dinar (KD)	**2,198**	2,457	**1,552,352**	1,636,649
US Dollars (USD)	**(298,711)**	(262,988)	**39,563**	40,083
Euro (EUR)	**5,502**	10,972	**6,323**	9,237
Great British Pounds (GBP)	**895**	(67)	**-**	-
Tunisian Dinar (TND)	**-**	-	**336,981**	325,970
Algerian Dinar (DZD)	**885**	978	**160,313**	180,544
Iraqi Dinar (IQD)	**-**	8,172	**287,898**	86,920
Myanmar Kyat (MMK)	**12,468**	7,213	**112,056**	146,809
Maldivian Rufiyaa (MVR)	**-**	-	**24,669**	26,585
Singapore Dollar (SGD)	**-**	-	**142,815**	138,918
United Arab Emirates Dirham (AED)	**-**	-	**97,650**	87,253

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk

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

	Changes in equity indices	*Effect on consolidated statement of changes in equity*
		QR.'000
2020		
Indonesia Stock Exchange (IDX)	**10%**	**202**
2019		
Indonesia Stock Exchange (IDX)	10%	136

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of trade receivables, bank balances, financial assets at FVTOCI, financial assets at FVTPL and loans receivable and positive fair value of derivatives.

The Group provides telecommunication services to various customers. It is the Group's policy that all customers who obtain the goods and / or services on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the purchase of service limits are established for each customer, which are reviewed regularly based on the level of past transactions and settlement. The Group's maximum exposure with regard to the trade receivables net of allowance for impairment as at 31 December is as follows:

	2020	2019
	QR.'000	*QR.'000*
Qatar	**1,430,088**	1,729,509
Other countries	**1,355,864**	1,387,969
	2,785,952	3,117,478

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

	2020	2019
	QR.'000	*QR.'000*
Bank balances (excluding cash on hand)	**15,233,493**	14,495,099

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks, and 59% (2019: 41%) of bank balances represents balances maintained with local banks in Qatar with a rating of at least BBB+. Credit risk arising from derivative financial instruments is at any time, limited to those with derivative assets, as recorded on the consolidated statement of financial position. With gross settled derivatives, the Group is also exposed to settlement risk.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

	2020	2019
	QR.'000	*QR.'000*
Amounts due from international carriers	**500,184**	652,184
Unbilled subscriber revenue	**736,542**	936,294
	1,236,726	1,588,478

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

Credit risk measurement

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

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 to 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. Considering the Group's large and unrelated customer base, the concentration of credit risk is limited.

Credit risk grades

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

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

31 December 2020	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
				QR.'000	***QR.'000***	***QR.'000***
Cash and bank balances	Caa1 – Aa1	N/A	12-month ECL	**15,683,698**	**(5,210)**	**15,678,488**
Trade receivables (i)	N/A	Note (i)	Lifetime ECL (simplified approach)	**4,763,386**	**(1,977,434)**	**2,785,952**

31 December 2019	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
				QR.'000	***QR.'000***	***QR.'000***
Cash and bank balances	Caa1 – Aa1	N/A	12-month ECL	14,721,596	(5,448)	14,716,148
Trade receivables (i)	N/A	Note (i)	Lifetime ECL (simplified approach)	4,967,393	(1,849,915)	3,117,478

(i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 22 includes further details on the loss allowance for these assets respectively.

The carrying amount of the Group's financial assets at FVTPL and FVTOCI, as disclosed in note 17, has no credit risk. The Group holds no collateral over any of these balances.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	On demand	***Less than 1 year***	***1 to 2 years***	***2 to 5 years***	***> 5 years***	***Total***
	QR.'000	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***	***QR.'000***
At 31 December 2020						
Loans and borrowings	**291,188**	**6,010,988**	**6,181,136**	**14,351,701**	**8,118,385**	**34,953,398**
Trade payables	**-**	**3,959,703**	**-**	**-**	**-**	**3,959,703**
License costs payable	**-**	**1,359,303**	**614,539**	**916,464**	**883,098**	**3,773,404**
Lease liabilities	**-**	**1,647,189**	**1,837,102**	**3,094,825**	**3,603,247**	**10,182,363**
Other financial liabilities	**-**	**754,768**	**222,694**	**-**	**-**	**977,462**
	291,188	**13,731,951**	**8,855,471**	**18,362,990**	**12,604,730**	**53,846,330**

	On demand	*Less than 1 year*	*1 to 2 years*	*2 to 5 years*	*> 5 years*	*Total*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
At 31 December 2019						
Loans and borrowings	292,417	6,526,863	5,651,562	13,548,591	11,636,159	37,655,592
Trade payables	-	2,727,934	-	-	-	2,727,934
License costs payable	-	408,618	299,281	897,841	1,231,864	2,837,604
Lease liabilities	-	1,429,929	1,730,768	2,488,618	3,394,522	9,043,837
Other financial liabilities	-	697,141	200,959	-	-	898,100
	292,417	11,790,485	7,882,570	16,935,050	16,262,545	53,163,067

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2020 and 31 December 2019.

Equity includes all capital and reserves of the Group that amounted to QR. 28,200,823 thousand at 31 December 2020 (2019: QR. 29,104,986 thousand).

The Group's management reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio as at 31 December 2020 is 75% (2019: 78%).

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Gearing ratio
The gearing ratio at year end was as follows:

	2020	2019
	QR.'000	*QR.'000*
Debt (i)	**36,875,200**	37,396,578
Cash and bank balances	**(15,678,488)**	(14,716,148)
Net debt	**21,196,712**	22,680,430
Equity (ii)	**28,200,823**	29,104,986
Net debt to equity ratio	**75%**	78%

(i) Debt is the long term debt obtained and lease liabilities, as detailed in note 28 and 32, respectively.
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

40 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values
Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements:

	Carrying amounts		*Fair values*	
	2020	2019	**2020**	2019
	QR.'000	*QR.'000*	***QR.'000***	*QR.'000*
Financial assets				
Financial assets – equity instruments	**789,007**	904,440	**789,007**	904,440
Trade and other receivables	**4,022,678**	4,705,956	**4,022,678**	4,705,956
Bank balances and cash	**15,678,488**	14,716,148	**15,678,488**	14,716,148
Financial liabilities				
Loans and borrowings	**29,514,797**	30,747,275	**31,449,173**	31,942,380
Other non-current liabilities	**1,643,092**	1,587,053	**1,643,092**	1,587,053
Derivative financial instruments	**136,457**	98,760	**136,457**	98,760
Long term incentive points-based payments	**201,897**	222,859	**201,897**	222,859
Trade and other payables	**7,245,977**	5,156,932	**7,245,977**	5,156,932
Income tax payable	**1,082,491**	1,544,765	**1,082,491**	1,544,765

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. At the end of the reporting period, the carrying amounts of such receivables, net of allowances, approximate their fair values.
- Fair value of quoted investments is based on price quotations at the end of the reporting period. The fair value of loans from banks and other financial debts, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates applicable for similar risks and maturity profiles. Fair values of unquoted financial assets are estimated using appropriate valuation techniques.

40 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward, contracts for differences and currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot and forward rates and interest rate curves.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities at 31 December 2020 and 31 December 2019:

	31 December 2020	*Level 1*	*Level 2*	*Level 3*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*
Assets:				
Financial assets measured at fair value:				
FVTOCI	**703,178**	**-**	**214,567**	**488,611**
FVTPL	**85,829**	**2,017**	**83,809**	**3**
	789,007	**2,017**	**298,376**	**488,614**
Liabilities:				
Other financial liabilities measured at fair value				
Derivative financial instruments	**136,457**	**-**	**136,457**	**-**
Other financial liability for which fair value is disclosed				
Loans and borrowings	**31,528,169**	**20,409,536**	**11,118,633**	**-**
	31,664,626	**20,409,536**	**11,255,090**	**-**

40 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	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
Derivative financial instruments				
	904,440	1,362	284,773	618,305
Liabilities				
Other financial liabilities measured at fair value				
Derivative financial instruments	98,760	-	98,760	-
Other financial liability for which fair value is disclosed				
Loans and borrowings	31,942,380	21,071,722	10,870,658	-
	32,041,140	21,071,722	10,969,418	-

There is no transfer from Level 1, 2 and 3 during the financial period.

For fair value measurements categorised within Level 2 and 3 of the fair value hierarchy, the fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observables prices exist and other valuation techniques. Valuation techniques uses incorporate assumptions regarding discount rates, estimates of future cash flows as other factors.

41 RELATED PARTY DISCLOSURES

Related party transactions and balances

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

a) Transactions with Government and related entities

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

(i) Trade receivables include an amount of QR. 554,739 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 was earned from a contract with the Ministry of Foreign Affairs, amounting to QR. 93,474 thousand (2019: QR. 81,531 thousand).

(ii) Industry fee (Note 10) 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.

Director's remuneration including committee fees of QR.18,593 thousand was proposed for the year ended 31 December 2020 (2019: QR. 19,909 thousand). The compensation and benefits related to Board of Directors and key management personnel amounted to QR. 394,716 thousand for the year ended 31 December 2020 (2019: QR. 379,888 thousand), and end of service benefits QR. 15,529 thousand for the year ended 31 December 2020 (2019: QR. 25,289 thousand). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administrative expenses".

42 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Judgments

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

42 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Classification of associates, joint ventures and subsidiaries

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

Recognition of revenue

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

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

Capitalisation of costs

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

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

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

Credit risk measurement

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

42 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Contract variations

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

Contract claims

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

42 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Judgments in determining the timing of satisfaction of performance obligations

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

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

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

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

Principal versus agent

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

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

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

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension and termination options are included in several leases across various classes of right-of-use assets across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In cases where lease contracts have indefinite term or are subject to auto renewal, lease term is determined considering the business case and reasonably certain renewal of lease.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

In making judgement, management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

42 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Assets held for sale (continued)

A portion of assets relating to Artajasa Pembayaran Elektronis ("APE"), a subsidiary of Indosat Ooredoo 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 Indosat Ooredoo's investment based on requirements of local jurisdiction. The classification resulted in loss of Indosat Ooredoo'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 Indosat Ooredoo'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.

Estimates

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

Impairment of non-financial assets

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

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

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

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

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

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer note 16 for the impairment assessment for investment in an associate.

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

42 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Useful lives of property, plant and equipment and investment property

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

Useful lives of intangible assets

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

Provision and contingent liabilities

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

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

Decommissioning liability

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

Fair value of unquoted equity investments

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

Deferred tax assets

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

42 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Impairment of inventories

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

Licences and spectrum fees

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

Uncertain tax exposures

In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities or recoverable amount of the claim refund due to ongoing investigations by, or discussions with the various taxation authorities. In determining the amount to be recognized in respect of uncertain tax liability or the recoverable amount of the claim for tax refund related to uncertain tax positions, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with IFRIC 23 Uncertainty over Income Tax Treatment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 12 Income Taxes.

Estimation of financial information

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

Customer loyalty programme

The Company allocates a portion of the transaction price to the loyalty programme based on relative standalone selling price (“SSP”). The Company estimates the SSP of loyalty points by estimating the weighted average cost for redemption of the points based on the actual value of the products redeemed during the year. Inputs to the models include making assumptions about expected redemption rates and the mix of products that will be available for redemption in the future.

42 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Business model assessment

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

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

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

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

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

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

43 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON – CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

31 December 2020	***Asiacell QR.'000***	***NMTC* QR.'000***	***Indosat Ooredoo QR.'000***	***Ooredoo Oman QR.'000***
Non-current assets	**4,028,695**	**11,369,194**	**15,495,866**	**3,910,737**
Current assets	**4,955,081**	**3,255,966**	**2,344,927**	**604,329**
Non-current liabilities	**(70,431)**	**(3,240,500)**	**(8,310,953)**	**(674,057)**
Current liabilities	**(5,690,634)**	**(4,780,743)**	**(6,330,358)**	**(1,403,617)**
Net assets	**3,222,711**	**6,603,917**	**3,199,482**	**2,437,392**
Carrying amount of NCI	**1,158,270**	**1,427,282**	**1,391,662**	**1,097,668**
Revenue	**4,019,839**	**7,039,902**	**6,983,284**	**2,508,775**
Profit	**725,674**	**82,638**	**(150,762)**	**201,271**
Profit allocated to NCI	**260,813**	**33,726**	**(38,599)**	**89,345**

31 December 2019	*Asiacell QR.'000*	*NMTC* QR.'000*	*Indosat Ooredoo QR.'000*	*Ooredoo Oman QR.'000*
Non-current assets	4,296,512	11,794,449	15,037,448	3,298,525
Current assets	5,446,791	3,472,561	3,129,350	886,819
Non-current liabilities	(151,614)	(3,269,276)	(8,499,951)	(439,057)
Current liabilities	(5,482,301)	(5,122,495)	(6,224,950)	(1,265,885)
Net assets	4,109,388	6,875,239	3,441,897	2,480,402
Carrying amount of NCI	1,476,949	1,490,241	1,462,534	1,119,253
Revenue	4,572,388	7,591,631	6,727,520	2,703,084
Profit	524,423	416,387	423,632	321,416
Profit allocated to NCI	188,482	64,478	158,586	143,775

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

44 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. *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.

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.

44 SEGMENT INFORMATION (CONTINUED)

Operating segments
The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2020 and 2019:

Year ended 31 December 2020

	Ooredoo Qatar QR.'000	*Asiacell QR.'000*	*Ooredoo Algeria QR.'000*	*Indosat Ooredoo QR.'000*	*Ooredoo Oman QR.'000*	*Ooredoo Myanmar QR.'000*	*Others QR.'000*	*Adjustments and eliminations QR.'000*		*Total QR.'000*
Revenue										
Revenue from rendering of telecom services	6,751,825	4,018,558	2,223,543	6,814,718	2,375,379	1,155,769	4,063,421	-		27,403,213
Sale of telecommunications equipment	110,569	-	7,300	29,257	108,290	3,050	1,012,557	-		1,271,023
Revenue from use of assets by others	15,008	-	-	136,123	21,501	11,414	8,283	-		192,329
Inter-segment	195,106	1,281	24,759	3,186	3,605	1,281	301,371	(530,589)	(i)	-
Total revenue	**7,072,508**	**4,019,839**	**2,255,602**	**6,983,284**	**2,508,775**	**1,171,514**	**5,385,632**	**(530,589)**		**28,866,565**
Timing of revenue recognition										
At a point in time	276,243	-	7,300	29,257	108,290	3,050	1,072,057	(225,174)		1,271,023
Over time	6,796,265	4,019,839	2,248,302	6,954,027	2,400,485	1,168,464	4,313,575	(305,415)		27,595,542
	7,072,508	**4,019,839**	**2,255,602**	**6,983,284**	**2,508,775**	**1,171,514**	**5,385,632**	**(530,589)**		**28,866,565**
Results										
Segment profit (loss) before tax*	**1,922,718**	**688,586**	**28,704**	**(145,200)**	**353,899**	**(330,892)**	**(153,892)**	**(738,894)**	(ii)	**1,625,029**
Depreciation and amortisation	**897,171**	**908,108**	**681,346**	**2,722,584**	**712,637**	**900,254**	**996,857**	**426,503**	(iii)	**8,245,460**
Net finance costs	**711,626**	**4,595**	**35,885**	**816,489**	**37,610**	**222,862**	**66,509**	**-**		**1,895,576**

* *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.*

44 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019

	Ooredoo Qatar QR.'000	*Asiacell QR.'000*	*Ooredoo Algeria QR.'000*	*Indosat Ooredoo QR.'000*	*Ooredoo Oman QR.'000*	*Ooredoo Myanmar QR.'000*	*Others QR.'000*	*Adjustments and eliminations QR.'000*		*Total QR.'000*
Revenue										
Revenue from rendering of telecom services	7,054,139	4,562,709	2,430,787	6,328,123	2,574,223	1,041,864	4,246,301	-		28,238,146
Sale of telecommunications equipment	121,487	-	47,760	152,706	104,799	5,203	948,051	-		1,380,006
Revenue from use of assets by others	19,112	-	-	242,840	16,710	11,610	7,117	-		297,389
Inter-segment	105,974	9,679	22,037	3,851	7,352	3,187	325,668	(477,748)	(i)	-
Total revenue	7,300,712	4,572,388	2,500,584	6,727,520	2,703,084	1,061,864	5,527,13 7	(477,748)		29,915,541
Timing of revenue recognition										
At a point in time	185,527	-	47,760	152,706	104,799	5,203	988,399	(104,388)		1,380,006
Over time	7,115,185	4,572,388	2,452,824	6,574,814	2,598,285	1,056,661	4,538,738	(373,360)		28,535,535
	7,300,712	4,572,388	2,500,584	6,727,520	2,703,084	1,061,864	5,527,137	(477,748)		29,915,541
Results										
Segment profit (loss) before tax*	1,974,869	693,815	81,686	412,708	506,476	(889,668)	316,904	(450,687)	(ii)	2,646,103
Depreciation and amortisation	895,539	1,320,187	743,295	2,711,410	677,581	818,055	971,182	450,400	(iii)	8,587,649
Net finance costs	828,041	48,620	142,023	799,450	30,324	239,918	(710)	-		2,087,666

* *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.*

44 SEGMENT INFORMATION (CONTINUED)

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

	2020	2019
	QR.'000	*QR.'000*
Amortisation of intangibles	**(426,794)**	(450,687)
Impairment of intangibles	**(312,100)**	-
	(738,894)	(450,687)

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

The following table presents segment assets of the Group's operating segments as at 31 December 2020 and 2019.

	Ooredoo Qatar QR.'000	***Asiacell QR.'000***	***Ooredoo Algeria QR.'000***	***Indosat Ooredoo QR.'000***	***Ooredoo Oman QR.'000***	***Ooredoo Myanmar QR.'000***	***Others QR.'000***	***Adjustments and Eliminations QR.'000***	***Total QR.'000***
Segment assets (i)									
At 31 December 2020	**18,362,392**	**8,859,177**	**3,949,676**	**17,314,280**	**4,496,988**	**6,839,523**	**10,640,763**	**17,274,262**	**87,737,061**
At 31 December 2019	15,708,374	9,592,206	4,459,738	17,637,300	4,168,799	6,733,000	11,671,230	18,010,975	87,981,622
Capital expenditure (ii)									
At 31 December 2020	**916,715**	**1,309,303**	**538,156**	**2,269,327**	**1,284,587**	**188,272**	**721,282**	**-**	**7,227,642**
At 31 December 2019	1,577,191	360,563	580,918	3,344,921	538,958	419,756	646,025	-	7,468,332

Note:
(i) Goodwill and other intangibles arising from business combination amounting to QR. 17,274,262 thousand (31 December 2019: QR. 18,010,975 thousand) was not considered as part of segment assets.

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

45 CONTRIBUTION TO SOCIAL AND SPORTS FUND

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the Group is required to contribute 2.5% of its annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in statement of changes in equity.

During the year, the Group appropriated an amount of QR. 40,358 thousand (2019: QR. 40,700 thousand) representing 2.5% of the net profit generated from Qatar Operations.

46 SHARE SPLIT

On 19 March 2019, the Extraordinary General Meeting of the Company approved the par value of the ordinary share to be QR. 1 instead of QR. 10, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association.

The share split has been implemented on 4 July 2019 and this has led to an increase in the number of authorized shares from 500,000,000 shares to 5,000,000,000 ordinary shares and the total number of issued and fully paid up shares increased from 320,320,000 shares to 3,203,200,000 ordinary shares.

47 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	1 January 2020	*Financing cash flows (i)*	*Non-cash changes (ii)*	*Other changes (iii)*	*31 December 2020*
	QR.'000	*QR.'000*	*QR.'000*	*QR.'000*	*QR.'000*
Loans and borrowings (Note 28)	30,639,831	(961,280)	-	(16,432)	29,662,119
Deferred financing costs (Note 28)	(184,973)	(3,614)	41,398	(133)	(147,322)
Other non-current liabilities (Note 30)	2,658,393	(344,326)	-	236,686	2,550,753
Lease liabilities (Note 32)	6,649,303	(1,280,481)	2,343,263	(351,682)	7,360,403

Notes:

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

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

(iii) Other changes include exchange adjustments and reclassification.

48 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 consolidated 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.

48 IMPACT OF COVID-19 (CONTINUED)

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 year ended 31 December 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 12), investment property (Note 15) and right-of-use assets, especially arising from any changes in lease term (Note 14) 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 31 December 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 year ended 31 December 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 year ended 31 December 2020.

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 19.

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 37 and 38.

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 2021.