IMPORTANT NOTICE

THIS BASE PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) AND ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the base prospectus attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base prospectus (the "**Base Prospectus**"). In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Ooredoo Tamweel Limited (the "**Trustee**") or Ooredoo (as defined below) as a result of such access.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

THE ATTACHED BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGERS (AS DEFINED BELOW) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THIS BASE PROSPECTUS CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

THIS BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THIS BASE PROSPECTUS AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO THOSE PERSONS FALLING WITHIN ARTICLE 12, ARTICLE 19(5) OR ARTICLE 49 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR TO OTHER PERSONS TO WHOM THIS BASE PROSPECTUS MAY OTHERWISE BE DISTRIBUTED WITHOUT CONTRAVENTION OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, OR ANY PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE. THIS COMMUNICATION IS BEING DIRECTED ONLY AT PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. NO OTHER PERSON SHOULD RELY ON IT.

Confirmation of Your Representation: By accessing this Base Prospectus you confirm to DBS Bank Ltd., Deutsche Bank AG, London Branch, HSBC Bank plc, QInvest LLC and QNB Capital LLC as arrangers (together the "**Arrangers**"), and the Trustee, as issuer of the Certificates (as defined in the attached Base Prospectus), that (i) you understand and agree to the terms set out herein, (ii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of any U.S. person, and that you are not in the United States, its territories and possessions, (iii) you consent to delivery of the Base Prospectus by electronic transmission, (iv) you will not transmit the attached Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Arrangers and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

You are reminded that the attached Base Prospectus has been delivered to you on the basis that you are a person into whose possession this Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Base Prospectus, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

If you received this Base Prospectus by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected. If you receive this Base Prospectus by e-mail, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arrangers or any affiliate of the Arrangers is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by the Arrangers or such affiliate on behalf of the Trustee in such jurisdiction.

Under no circumstances shall the Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached document who intend to subscribe for or purchase the Certificates are reminded that any subscription or purchase may only be made on the basis of the information contained in the final Base Prospectus.

This Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arrangers, the Trustee, Ooredoo Q.S.C. ("**Ooredoo**") nor any person who controls or is a director, officer, employee or agent of the Arrangers, the Trustee, Ooredoo nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Arrangers.

The distribution of the Base Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by the Arrangers, the Trustee and Ooredoo to inform themselves about, and to observe, any such restrictions.

BASE PROSPECTUS

OOREDOO TAMWEEL LIMITED

(incorporated in the Cayman Islands as an exempted company with limited liability)

U.S.$2,000,000,000
Trust Certificate Issuance Programme

Under this U.S.$2,000,000,000 trust certificate issuance programme (the "**Programme**"), Ooredoo Tamweel Limited (in its capacity as issuer and as trustee, the "**Trustee**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue trust certificates (the "**Certificates**") in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.$2,000,000,000 (or its equivalent in other currencies calculated as provided in the Programme Agreement described herein), subject to being increased in the manner described herein.

Certificates may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional dealer(s) appointed under the Programme from time to time by the Trustee (each a "Dealer" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this base prospectus (the "**Base Prospectus**") to the relevant Dealer shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*".

Each Series (as defined herein) of Certificates issued under the Programme will be constituted by: (i) a master declaration of trust dated 22 November 2013 (the "**Closing Date**") (the "**Master Declaration of Trust**") entered into between the Trustee, Ooredoo Q.S.C. ("**Ooredoo**") and BNY Mellon Corporate Trustee Services Limited as delegate of the Trustee (in such capacity, the "**Delegate**"); and (ii) a supplemental declaration of trust (the "**Supplemental Declaration of Trust**") in relation to the relevant Series. Certificates of each Series confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**") over the Trust Assets (as defined herein).

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the "**Official List**") and to be admitted to trading on its regulated market (the "**Main Securities Market**"). Such approval relates only to the Certificates which are to be admitted to trading on the Main Securities Market or any other regulated market for the purposes of Directive 2004/39/EC (each such regulated market being a "**MiFID Regulated Market**") and/or which are to be offered to the public in any member state of the European Economic Area (each a "**Member State**").

References in this Base Prospectus to Certificates being "**listed**" (and all related references) shall mean that such Certificates have been admitted to the Official List and to trading on the Regulated Market.

Notice of the aggregate face amount of Certificates and any other terms and conditions not contained herein which are applicable to each Series of Certificates will be set out in final terms (the "**Final Terms**") which, with respect to Certificates to be listed on the Irish Stock Exchange, will be delivered to the Irish Stock Exchange.

The Programme permits Certificates to be issued on the basis that they may not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Trustee and the relevant Dealer.

The Trustee may agree with any Dealer that Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Certificates herein, in which event a supplemental prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

The rating of certain Series of Certificates to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Certificates will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold Certificates, does not address the likelihood of timing of repayment and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

The Certificates will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Certificates may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates may be offered or sold solely to persons who are outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). Each prospective purchaser of Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the HSBC Saudi Arabia Executive Shariah Committee, Dr. Hussein Hamid Hassan, Sharia Advisor to Deutsche Bank AG, London Branch, the *Shari'a* supervisory board of QInvest LLC and the Shariah Supervisory Board of the Islamic Bank of Asia (a subsidiary of DBS Bank Ltd.). Prospective Certificateholders should not rely on the approval referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in the approval referred to above is in compliance with *Shari'a* principles.

Arrangers and Dealers

DBS Bank Ltd.	**Deutsche Bank**	**HSBC**	**QInvest**	**QNB Capital**

The date of this Base Prospectus is 22 November 2013

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State) and for the purpose of giving information with regard to the Trustee, Ooredoo and the Certificates which, according to the particular nature of the Trustee, Ooredoo and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and Ooredoo.

Each of the Trustee and Ooredoo accepts responsibility for the information contained in this Base Prospectus and each declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Copies of the Final Terms will be available from the registered office of the Trustee and the specified office set out below of the Principal Paying Agent (as defined below).

The Dealers and the Delegate have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers and the Delegate as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Trustee or Ooredoo in connection with the Programme. No Dealer nor the Delegate accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Trustee and Ooredoo in connection with the Programme.

Certain information under the heading "*Overview of Qatar*" has been extracted from information provided or obtained from the Qatar Statistics Authority, the Qatar Central Bank, the U.S. Energy Information Administration, BP, the Qatar Ministry of Development Planning and Statistics and the Government census, and certain information under the heading "*Business Description of the Group*" has been extracted from information provided by the United Nations Statistics Division, the Qatar Statistics Authority, the Economist Intelligence Unit, Asosiasi Telekomunikasi Selular Indonesia and the Iraqi Central Statistical Organization. In each case, the relevant source of such information is specified where it appears under those headings. Each of the Trustee and Ooredoo confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series (as defined herein) of Certificates, should be read and construed together with the applicable Final Terms.

No person has been authorised by the Trustee or Ooredoo to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme. Any information supplied by the Trustee or Ooredoo or such other information which is in the public domain, if given or made, should not be relied upon as having been authorised by the Trustee, Ooredoo, the Delegate or any of the Dealers.

None of the Arrangers, the Dealers, the Delegate or any of their respective affiliates make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Certificate shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Trustee or Ooredoo since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date

indicated in the document containing the same. The Delegate and the Dealers expressly do not undertake to review the financial condition or affairs of the Trustee or Ooredoo during the life of the Programme or to advise any investor in the Certificates of any information coming to their attention.

No comment is made or advice given by, the Trustee, Ooredoo, the Delegate or the Dealers in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Trustee, Ooredoo and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Certificates and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Certificates, see "*Subscription and Sale*". In particular, the Certificates have not been and will not be registered under the Securities Act. Subject to certain exceptions, Certificates may not be offered, sold or delivered within the United States or to U.S. persons as defined in Regulation S. The Trustee, Ooredoo, the Delegate and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

This Base Prospectus has been prepared on the basis that any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Certificates. Accordingly, any person making or intending to make an offer in that Relevant Member State of Certificates which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Certificates may only do so in circumstances in which no obligation arises for the Trustee or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. In the case of any Certificates which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as of the date of issue of the Certificates).

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Certificates and should not be considered as a recommendation by the Trustee, the Delegate, Ooredoo, the Arrangers, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Certificates. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and Ooredoo.

The maximum aggregate face amount of Certificates outstanding at any one time under the Programme will not exceed U.S.$2,000,000,000 (and for this purpose, any Certificates denominated in another currency shall be translated into United States dollars at the date of the agreement to issue such Certificates (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate face amount of Certificates which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

In connection with the issue of any Series, the Dealer or Dealers (if any) named as the stabilising manager(s) in the relevant subscription agreement (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over allot Certificates or effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Trustee or Ooredoo. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date of the relevant

Series and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Series and 60 days after the date of the allotment of the relevant Series. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) must conduct such stabilisation in accordance with all applicable laws and rules with the prior consultation and prior agreement of the Dealers. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Dealers, with the prior consultation and prior agreement of the Dealers.

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained or incorporated by reference in this Base Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency of payment is different from the potential investor's currency;

(d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall investment portfolios. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Financial Information

Unless otherwise indicated, the financial information set out in this Base Prospectus has been derived from:

(i) the unaudited condensed consolidated interim financial statements of Ooredoo and its consolidated subsidiaries (the "**Group**") as of and for the nine months ended 30 September 2013 that are set out on pages F-2 to F-34 of this Base Prospectus. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting; and

(ii) the audited consolidated financial statements of the Group as of and for the years ended 31 December 2011 and 2012 that are set out on pages F-35 to F-220 of this Base Prospectus (the "**Consolidated Financial Statements**"). These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

Reclassification of comparative information

Generally, each year, certain comparative figures or numbers are reclassified or regrouped to conform to the presentation of the latest consolidated financial statements. For example, in 2012, certain figures related to 2011 were reclassified to conform presentation with 2012 figures, in such cases, those numbers should be read in conjunction with 2012 consolidated financial statements' comparative information. However, such reclassifications did not have any effect on the net profit, total assets and equity of the comparative year or period.

Restatement of comparative information

The following restatement of prior periods'/years' comparative information are reported in note 22 of the Group's unaudited condensed consolidated interim financial statements for the period ended 30 September 2013.

Restatement on account of tower deal transaction

In August 2012, one of the Group's subsidiaries PT Indosat TBK ("**Indosat**") completed an Asset Sale Agreement with PT Tower Bersama Infrastructure TBK ("**Tower Bersama**"), whereby Indosat sold 2,500 of its telecommunication towers and other related assets to Tower Bersama for a total consideration of QR 1,972.6 million (US$541.7 million) and agreed to lease back 2,500 slots in each of the 2,500 telecommunication towers for ten years. This transaction was provisionally accounted as an operating lease and as a result an overall gain of QR 840.3 million was recognised in the condensed consolidated interim financial statements for the period ended 30 September 2012.

In the fourth quarter of 2012, the management of Indosat completed the assessment of the terms and conditions of the agreement between Indosat and Tower Bersama, in light of the criteria given under "IAS 17: Leases" and concluded that the majority of the risks and rewards of ownership associated with the leased towers' slots has been retained by Indosat and accordingly the transaction was treated as a finance lease. As a result the gain on account of this transaction was finally recognised to the extent of QR 432.3 million. Accordingly the gain initially recognised on account of this transaction for the period ended 30 September 2012 has been restated to the extent of QR 408.0 million in order to reflect the correct position.

Restatement on account of revision to "IAS 19 – Employee Benefits"

The Group has adopted the amendments to "IAS 19 – Employee Benefits" from 1 January 2013 with retrospective effect. Previously, the Group recognised actuarial gains and losses on a deferred basis under the corridor method on their defined benefit plans (allowed under IAS 19 before amendments). For practical

reasons, the restatement is performed for the nine months ended 30 September 2013 with 31 December 2012 year only.

As a result of new amendment, previously deferred actuarial gains and losses pertaining to defined benefit plans of one of the Group's subsidiaries Indosat have been recognised through other comprehensive income. Accordingly, all prior periods'/years' numbers have been retrospectively restated as follows:

	As reported	*Restatement impact*	*As restated*
		QR million	
Other non-current assets	937.0	(28.8)	908.2
Deferred tax assets	69.5	5.1	74.6
Employee benefit reserve	–	(111.0)	(111.0)
Retained earnings	9,585.7	10.8	9,596.5
Non-controlling interests	8,999.6	(57.8)	8,941.8
Employees benefits	746.5	181.9	928.4
Deferred tax liabilities	1,417.7	(47.6)	1,370.1

Restatement on account of reclassification of property, plant and equipment to investment property

During the period, the Group has reassessed usage of its head quarter building for both the years 2012 and 2013 since a portion of the building is being rented to an external party. In accordance with the criteria under IAS 40 "Investment property", the management has reclassified net book value amounting to QR 66.5 million from property, plant and equipment to investment property.

Accordingly, the previously reported numbers of property, plant and equipment for 2012 have been restated and reclassified to investment property. However, such reclassification does not result in any change in total non-current assets reported in 2012. The management has adopted the "cost model" under IAS 40 to account for its investment property and there is no change in accounting treatment and method of depreciation previously used while it was treated as property, plant and equipment with an exception to separate presentation in the financial statements. For practical reasons, the restatement is performed for the nine months ended 30 September 2013 with 31 December 2012 year only.

Restatement on account of acquisition of non-controlling interest

In September 2013, net assets of Tunisia pertaining to December 2012 acquisition of 15 per cent. non-controlling interest in Tunisiana S.A. was adjusted from QR 3,274.1 million to QR 2,840.0 million. As a result, the excess of cash consideration over carrying values of net assets acquired of QR 819.8 million, originally charged to retained earnings, has been restated by adjusting retained earnings downwards and non-controlling interests upwards by QR 65.1 million in order to reflect the correct position at the time of acquisition of non-controlling interests in December 2012.

Certain Conventions

Certain figures contained in this Base Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Base Prospectus may not conform exactly to the total figure given for that column or row. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

In this Base Prospectus:

- "**Qatar**" refers to the State of Qatar;
- "**Government**" refers to the Government of Qatar;
- "**Member State**" refers to a Member State of the European Economic Area;
- "**euro**" or "**€**" refers to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to Article 123 of the treaty establishing the European Community, as amended;

- "**Indonesian Rupiah**" or "**Rp**" or "**IDR**" refers to the lawful currency of the Republic of Indonesia ("**Indonesia**");
- "**Iraqi Dinars**" or "**IQD**" refers to the lawful currency of the Republic of Iraq;
- "**Kuwaiti Dinars**" or "**KD**" refers to the lawful currency of Kuwait;
- "**QR m**" refers to Qatari Riyals in millions;
- "**Riyal**" or "**QR**" refers to the Qatari Riyal, the lawful currency of Qatar;
- "**United States**" or the "**U.S.**" refers to the United States of America;
- "**U.S. dollars**", "**USD**" or "**U.S.$**" refers to the lawful currency of the United States of America; and
- "**U.S.$ m**" refers to U.S. dollars in millions.

Exchange rates

The Group presents its financial statements in Qatari Riyals. The Qatari Riyal is, and since the mid-1980s has been, pegged to the U.S. dollar at a fixed exchange rate of QR3.64 = U.S.$1.00 and, accordingly, translations of amounts from Riyals to U.S. dollars have been made at this exchange rate for all periods in this Base Prospectus.

The following table sets out for the dates indicated U.S. dollar exchange rates of the other principal currencies of the Group, which are the Indonesian Rupiah and Kuwaiti Dinars, on 30 September 2012 and 2013 and 31 December 2010, 2011 and 2012 (based on the mid-market rate reported by Bloomberg). On 21 November 2013, the midmarket rate for exchange between U.S. dollars and Indonesian Rupiah, as reported by Bloomberg, was Rp11,523 to U.S.$1.00 and the mid-market rate for exchange between U.S. dollars and Kuwaiti Dinars, as reported by Bloomberg, was KD0.28335 to U.S.$1.00.

	31 December			*30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
Currency (=U.S.$1.00)					
Indonesian Rupiah	8,979	9,143	9,670	9,590	11,500
Kuwaiti Dinars	0.281	0.278	0.281	0.281	0.281

Solely for the convenience of the reader, certain financial information as at 30 September 2012 and 2013 and 31 December 2010, 2011 and 2012 has been translated into U.S. dollars at the conversion rates quoted by Bloomberg at such dates and as set out above. There can be no assurance that members of the Group outside Qatar converted, or could have converted, amounts in local currency into U.S. dollars at the conversion rates at which amounts have been translated in this Base Prospectus.

Non-IFRS Measures

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortisation ("**Adjusted EBITDA**") is a measure used by the Group's management to measure operating performance. Adjusted EBITDA equals earnings before interest, taxes, depreciation and amortisation excluding the effects of royalties and statutory fees and certain other income and expenses that are considered to be non-operating. For a reconciliation of Adjusted EBITDA to profit for the period, see "*Selected Historical Consolidated Financial Information of the Group*". Adjusted EBITDA is not a recognised measure under IFRS or US generally accepted accounting principles ("**U.S. GAAP**") and does not purport to be an alternative to profit after tax from continuing operations as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as the measure does not consider certain cash requirements such as interest payments, tax payments, debt service requirements and capital expenditures. Ooredoo believes that Adjusted EBITDA provides useful information to investors and is helpful in highlighting trends because it excludes the results of certain decisions that are outside the control of operating management and can differ significantly from

company to company depending on long term strategic decisions regarding capital structure, its stage of growth development, its capital expenditure requirements, the jurisdictions in which certain companies operate and capital investments. As not all companies use identical calculations, these presentations of Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. Adjusted EBITDA may not be indicative of the Group's historical operating results presented in accordance with IFRS. Adjusted EBITDA is not subject to audit or review by any independent auditors.

Industry, Market and Customer Data

The customer data included in this Base Prospectus, including penetration rates, average revenue per user rates ("**ARPU**"), churn rates and market shares are derived from management estimates of such customer data for the Group and its subsidiaries. The Group's use or computation of these terms, such as ARPU, may not be comparable to the use or computation of similarly titled measures reported by other companies in the telecommunications industry, including the Group's subsidiaries' competitors. How the Group's four principal operating companies calculate their number of customers, churn and ARPU is described in more detail below. In addition, as each of the Group's operating companies calculate churn and ARPU differently, the Group does not present in this Base Prospectus its churn rate or ARPU on a consolidated basis and thus these figures are not directly comparable. See "*Presentation of Financial and other Information – Industry, Market and Customer Data – Customers"* and *"Management's Discussion and Analysis of Financial Conditions and Results of Operations – Factors Affecting Financial Condition and Results of Operations*".

Customers

Mobile customers who pay in advance of services provided are counted as "prepaid" customers and mobile customers who pay periodically following the provision of services are counted as "postpaid" customers. The rate at which mobile customers are disconnected from a network or are removed from an operating company's customer count due to inactivity, is referred to as the company's "churn" rate. For all of the Group's operating companies, a mobile customer is counted from the date of the activation of such mobile customer's subscriber identity module card ("**SIM card**").

As discussed elsewhere in this Base Prospectus, the Group has expanded its operations significantly in recent years, primarily through acquiring established telecommunications companies in the Middle East, North Africa, the Asian Subcontinent and Asia Pacific regions. Because each such company calculates its mobile customer numbers in accordance with its historical practices, which is in turn primarily a function of market conditions and requirements in the country in which it operates, the Group's operating companies do not calculate their mobile customer numbers on a consistent basis. The Group's four principal operations calculate their mobile customer numbers as follows:

- Ooredoo does not count postpaid customers as customers if they have any outstanding balance remaining more than 120–145 days after their last statement date and no longer considers prepaid customers to be customers if they have not recharged their SIM card within 90 days of its validity date by adding certain minimum amounts to it;
- Indosat does not count postpaid customers as customers if they have any outstanding balance remaining more than 120 days after their last statement date (depending on the tariff plan) and no longer considers prepaid customers to be customers if they have not recharged their SIM card within 33 days of the grace period immediately following the SIM card's expiry date by adding certain minimum amounts to it;
- The Group's Kuwaiti operations do not count postpaid customers as customers if they have any outstanding balance remaining more than 150 days after their last statement date and no longer considers prepaid customers to be customers if they have not recharged their SIM card within 100 days of its expiry date by adding certain minimum amounts to it; and
- Asiacell Communications PJSC ("**Asiacell**") no longer considers prepaid customers to be customers if they have not had any chargeable activities within the last 90 days.

The Group calculates churn by dividing the number of voluntary and involuntary deactivations in a given period by the number of customers for the same period. However, certain of its operating companies do not calculate churn and the Group's Kuwaiti operations divides by the average number of customers in a given period. Asiacell considers customers as churners if they change their activation status from disable to pool. See "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Factors Affecting Financial Condition and Results of Operations – Churn*".

Fixed line customers, for which the Group only provides services in Qatar, Indonesia and Oman, are calculated by the number of active lines at the end of the period. In general, a customer is no longer counted as a customer if they have not made a payment on an outstanding balance within approximately 60 days.

ARPU

The Group believes that ARPU provides useful information concerning the appeal and usage patterns of the Group's rate plans and service offerings and the Group's performance in attracting and retaining high-value customers. The Group's operating companies all calculate ARPU by dividing the recurring revenue, including airtime and interconnection revenue, for a given period by the average number of customers for that period. The average number of customers is the sum of the total number of customers at the beginning of the period and the number of customers at the end of the period divided by two. However, each of the Group's operating companies defines recurring revenue in slightly different ways. Ooredoo includes all connection charges and other one-time charges in recurring revenue, but excludes device and accessory revenue. Indosat includes all recurring prepaid and postpaid cellular services revenues (usage charges, value-added service, interconnection revenues and monthly subscription charges) but excludes nonrecurring revenues such as activation fees and special auctions of telephone numbers. In Kuwait, all recurring revenue is included but network visitor roaming charges are excluded. Asiacell, on the other hand, includes roaming revenue in recurring revenues for the purposes of calculating ARPU. See "*– Industry, Market and Customer Data*".

Market Share

In certain of the Group's markets, the Group's subsidiaries' market share data and that of their competitors has been calculated based on available information released by the Group's competitors in the markets in which the Group operates. Undue reliance should not be placed on market share data because of differences in the dates as of which such data is made available in each market by the Group's various companies and because the Group cannot verify the information provided by its competitors.

No Representation or Warranty

Market data and certain industry data, forecasts and statements regarding the Group's position in the telecommunications industries in its various markets made in this Base Prospectus are based on Ooredoo's own internal estimates and, in some cases, on industry data collected by the relevant national regulator of the telecommunications industry. While Ooredoo believes the statements contained in this Base Prospectus, including customer and share information, to be reliable and to provide fair and adequate estimates of the size of its markets and fairly reflect the Group's competitive position within those markets, these statements have not been independently verified and Ooredoo does not make any representation or warranty as to the accuracy or completeness of such information set forth in this Base Prospectus.

In addition, Ooredoo has made statements in this Base Prospectus regarding the telecommunications industry, the markets in which subsidiaries operate, its operating subsidiaries' position in the industry and the market shares of various industry participants based on Ooredoo's experience and Ooredoo's own investigation of market conditions (in particular, based on its internal data collected from its subsidiaries' networks, monitoring traffic and customer activations). Ooredoo does not make any assurances that any of its assumptions are accurate or correctly reflect Ooredoo's subsidiaries' position in the industry and none of Ooredoo's internal surveys or information has been verified by any independent sources.

The customer, churn, ARPU and market share data contained in this Base Prospectus are not part of the Group's financial statements or financial accounting records and have not been audited or otherwise reviewed by external auditors, consultants or independent experts.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This Base Prospectus includes forward looking statements. The words "**anticipate**", "**believe**", "**expect**", "**plan**", "**intend**", "**target**", "**aim**", "**estimate**", "**project**", "**will**", "**would**", "**may**", "**could**", "**continue**" and similar expressions are intended to identify forward looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding Ooredoo's or, as the case may be, the Group's financial position, business strategy, management plans and objectives for future operations, are forward looking statements. These forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause Ooredoo's or, as the case may be, the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward looking statements. These forward looking statements are based on numerous assumptions regarding Ooredoo's or, as the case may be, the Group's present and future business strategies and the environment in which it expects to operate in the future. Important factors that could cause Ooredoo's or, as the case may be, the Group's actual results, performance or achievements to differ materially from those in the forward looking statements include, among other factors referenced in this Base Prospectus:

- changes in economic, financial and political conditions in markets served by operations of the Group that would adversely affect the level of demand for telecommunications services;
- changes in exchange rates, including particularly the exchange rates of the Indonesian Rupiah and the Kuwaiti Dinar to the U.S. dollar;
- removal or adjustment of the peg between the U.S. dollar and the Qatari Riyal;
- greater than anticipated competitive activity, from both existing competitors and new market entrants;
- the impact of investment in network capacity and the deployment of new technologies, or the rapid obsolescence of existing technology;
- the effects of, and changes in laws, regulations or governmental policy affecting the Group's business activities;
- slower than expected customer growth and reduced customer retention;
- changes in the spending patterns of new and existing customers;
- any unfavourable conditions, regulatory or otherwise, imposed in connection with pending or future acquisitions or dispositions and the integration of acquired companies into the Group's existing operations;
- the Group's ability to obtain and maintain necessary regulatory approvals and licences for its businesses;
- the Group's ability to stabilise churn and ARPU; and
- changes in tax legislation in the jurisdictions in which the Group operates.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Forward looking statements speak only as of the date of this Base Prospectus and Ooredoo expressly disclaims any obligation or undertaking to publicly update or revise any forward looking statements in this Base Prospectus to reflect any change in Ooredoo's expectations or any change in events, conditions or circumstances on which these forward looking statements are based. Given the uncertainties of forward looking statements, Ooredoo cannot guarantee that projected results or events will be achieved and cautions potential investors not to rely on these statements.

NOTICE TO UK RESIDENTS

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Services and Markets Act 2000 ("FSMA") as amended by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the FCA. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Certificates (A) if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at, only the following persons (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order") and (ii) persons falling within any of the categories of persons described in Article 49 (*High net worth companies, unincorporated associations, etc*) of the Financial Promotion Order and (B) if effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "Promotion of CISs Order"), (ii) persons falling within any of the categories of person described in Article 22 *(High net worth companies, unincorporated associations, etc.)* of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to the Certificates.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in any investment described in this Base Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

CAYMAN ISLANDS NOTICE

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for the Certificates and this Base Prospectus shall not be construed as an invitation to any member of the public if the Cayman Islands to subscribe for the Certificates.

NOTICE TO KINGDOM OF BAHRAIN RESIDENTS

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the "CBB") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities,

whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to or made available to the public generally.

NOTICE TO RESIDENTS OF MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons in categories falling within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act, 2007 of Malaysia. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or Ooredoo and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Base Prospectus is not intended to constitute an offer, sale or delivery of bonds, certificates or other debt financing instruments under the laws of the State of Qatar and any Certificates to be issued under the Programme have not been and will not be offered, sold or delivered at any time, directly or indirectly in Qatar in a manner that would constitute a public offering. This Base Prospectus has not been reviewed or approved by, and the Certificates have not been and will not be authorised by, any of the Qatar Financial Markets Authority ("QFMA"), the Qatar Financial Centre ("QFC"), the Qatar Financial Centre Regulatory Authority ("QFCRA") or the Qatar Central Bank ("QCB") in accordance with their regulations or any other regulations in the State of Qatar. The Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar.

KINGDOM OF SAUDI ARABIA NOTICE

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Capital Market Authority").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the Certificates issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series of Certificates, the Final Terms.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of the Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Words and expressions defined in "*Form of the Certificates*" and "*Terms and Conditions of the Certificates*" shall have the same meanings in this overview.

Trustee:	Ooredoo Tamweel Limited, as trustee for and on behalf of the Certificateholders and, in such capacity, as issuer of the Certificates, a limited liability exempted company incorporated on 4 November 2013 in accordance with the laws of, and formed and registered in, the Cayman Islands with registered number 282441 with its registered office at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party. Ooredoo Tamweel Limited shall on each Issue Date issue the Certificates to the Certificateholders and act as Trustee in respect of the Trust Assets for the benefit of the Certificateholders.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1.00 each, of which 100 shares are fully paid up and issued. The Trustee's entire issued share capital is held by Ooredoo with registered office at 100 West Bay, P.O. Box 217, Doha, State of Qatar.
Administration of the Trustee:	The affairs of the Trustee are managed by the directors of the Trustee. MaplesFS Limited (the "**Trustee Administrator**"), will provide certain corporate administrative services pursuant to the corporate services agreement dated 21 November 2013 made between, *inter alios*, the Trustee and the Trustee Administrator (the "**Corporate Services Agreement**"). Pursuant to the Corporate Services Agreement, the Trustee Administrator shall provide alternate directors to the Trustee to allow board meetings of the Trustee to take place in the Cayman Islands.
Arrangers and Dealers:	DBS Bank Ltd., Deutsche Bank AG, London Branch, HSBC Bank plc, QInvest LLC, QNB Capital LLC and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Series of Certificates.
Delegate:	BNY Mellon Corporate Trustee Services Limited (the "**Delegate**"). In accordance with the Master Declaration of Trust, the Trustee will, *inter alia*, unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain future duties, powers, authorities and discretions vested in the Trustee by certain provisions in the Master Declaration of Trust in accordance with the terms of the Master Declaration of Trust. In addition, pursuant to the Master Declaration of Trust, certain powers will be vested solely in the Delegate.

Principal Paying Agent and Calculation Agent:	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent:	The Bank of New York Mellon (Luxembourg) S.A.
Airtime Sale and Purchase:	For each Series, Ooredoo (as seller) will sell to the Trustee (as purchaser) the relevant Original Airtime Vouchers pursuant to the Master Airtime Purchase Agreement and the Supplemental Airtime Purchase Agreement for that Series. See also: *Transaction Documents – Master Airtime Purchase Agreement, as supplemented by each Supplemental Airtime Purchase Agreement.*
Airtime Distribution:	In accordance with the Master Distribution Agreement, the Trustee will appoint Ooredoo (in such capacity as a distributor, the "**Distributor**") as sole and exclusive distributor for the sale of the Airtime Vouchers to customers for the term of the relevant Series.
Initial Programme Amount:	Up to U.S.$2,000,000,000 (or its equivalent in other currencies) aggregate face amount of Certificates outstanding at any one time. The amount of the Programme may be increased in accordance with the terms of the Programme Agreement.
Issuance in Series:	The Certificates will be issued in series (each series of Certificates being a "**Series**"). The specific terms of each Series will be completed in a final terms document (the "**applicable Final Terms**"). Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Certificates may be denominated in U.S. dollars, euro or any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Certificates may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Certificates are denominated.
Maturities:	The Certificates will have such maturities as may be agreed between the Trustee, Ooredoo and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the Specified Currency (as defined in the applicable Final Terms).
Issue Price:	Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, Ooredoo and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Status of the Certificates:	Each Certificate will represent an undivided ownership interest in the Trust Assets of the relevant Series, is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee, and will rank *pari passu*, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.

Periodic Distribution Amounts:	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.
Negative Pledge:	The Certificates will have the benefit of a negative pledge granted by Ooredoo, as more particularly described in Condition 5 (*Negative Pledge*).
Cross-Default:	The Certificates will have the benefit of a cross-default provision, as described in Condition 15 (*Dissolution Events*).
The Trust Assets:	Pursuant to the Master Declaration of Trust, as supplemented by a Supplemental Declaration of Trust for each Series, the Trustee will declare that it will hold, for each Series, certain assets (the "**Trust Assets**"), consisting of: (a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the relevant Series Assets; (b) all of the Trustee's rights, title, interest and benefit, present and future, in and to the Transaction Documents (excluding: (i) any representations given by Ooredoo to the Trustee and the Delegate pursuant to any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 17.1 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Master Declaration of Trust); and (c) all monies standing to the credit of the Transaction Account (as defined in Condition 6(a) (*Trust – Summary of the Trust*)), and all proceeds of the foregoing upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder for the relevant Series.
Periodic Distribution Amounts:	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the Conditions and the applicable Final Terms.
Dissolution on the Scheduled Dissolution Date:	Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem the Series at an amount equal to the relevant Dissolution Amount, together with all accrued and unpaid Periodic Distribution Amounts (each as defined in the Conditions) and the Trust in relation to the relevant Series will be dissolved by the Trustee on the relevant Scheduled Dissolution Date specified in the applicable Final Terms for such Series.
Early Dissolution of the Trust:	The Trust may only be dissolved prior to the Scheduled Dissolution Date upon: (a) the occurrence of a Dissolution Event; (b) the exercise of an Optional Dissolution Right (if applicable to the relevant Series); (c) the occurrence of a Tax Event (as defined in Condition 11(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*)); (d) all of the Certificateholders in a relevant Series exercising the Change of Control Put Option;

(e) all of the Certificates of the relevant Series being cancelled following the purchase of such Certificates by or on behalf of Ooredoo and or any of its subsidiaries pursuant to Condition 14(a) (*Purchase and Cancellation of Certificates – Purchases*).

In the case of the events described in paragraphs (a) to (d) above, the Certificates of a Series will be redeemed pursuant to the exercise of the relevant Purchase Undertaking or the relevant Sale Undertaking (as applicable) whereupon Ooredoo will purchase from the Trustee the relevant Series Assets. The Certificates Exercise Price payable under the relevant Purchase Undertaking or Sale Undertaking (as applicable) will be used to fund the redemption of the Certificates at an amount equal to the relevant Dissolution Amount, together with all accrued and unpaid Periodic Distribution Amounts.

Dissolution Events: The Dissolution Events are described in Condition 15 (*Dissolution Events*). Following the occurrence of a Dissolution Event which is continuing, the Certificates of the relevant Series may be redeemed in full at an amount equal to the relevant Dissolution Amount, together with all accrued and unpaid Periodic Distribution Amounts.

Early Dissolution for Tax Reasons: Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 12 (*Taxation*) or Ooredoo has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents as a result of a change in the laws of a Relevant Jurisdiction (as defined in the Conditions) and such obligation cannot be avoided by the Trustee or Ooredoo, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of a notice (the "**Exercise Notice**") and payment of the Certificates Exercise Price by Ooredoo under the Sale Undertaking (upon due exercise thereof) redeem the Certificates at an amount equal to the relevant Dissolution Amount, together with all accrued and unpaid Periodic Distribution Amounts on the relevant Tax Redemption Date specified in the Exercise Notice.

Optional Dissolution Right: If so specified in the applicable Final Terms, the Trustee may, following receipt of an exercise notice from Ooredoo pursuant to the Sale Undertaking, redeem in whole but not in part the Certificates of the relevant Series at the relevant Dissolution Amount (as specified in the applicable Final Terms) on the relevant Optional Dissolution Date, which must be a Periodic Distribution Date.

Change of Control Put Option: Each investor will have the right to require the redemption of its Certificates upon the State of Qatar either ceasing to have direct or indirect ownership of at least 50.1 per cent. of the issued share capital of Ooredoo or ceasing to have direct or indirect ownership of such amount of shares in the capital of Ooredoo as carry at least 50.1 per cent. of the voting rights normally exercisable at a general assembly (or general meeting) of Ooredoo. Any such redemption will take place on the Change of Control Put Option Date (which

must be a Periodic Distribution Date) at an amount equal to: (i) where all of the Certificates in a Series are to be redeemed, the relevant Dissolution Amount, together with all accrued and unpaid Periodic Distribution Amounts; and (ii) in all other cases, an amount equal to the face amount of the Certificates to be redeemed, together with any accrued but unpaid Periodic Distribution Amounts (the "**Change of Control Amount**"), in each case in accordance with Condition 11(d) (*Dissolution at the Option of the Certificateholders (Change of Control Put Option)*). Following payment by Ooredoo of the Certificates Exercise Price, or Redemption Price (as applicable) (each as defined in the Conditions), under the Purchase Undertaking, the Trustee will redeem the relevant Certificates on the relevant Change of Control Put Option Date (which must be a Periodic Distribution Date).

Cancellation of Certificates held by Ooredoo and/or any of its Subsidiaries:

Pursuant to Condition 14(b) (*Purchase and Cancellation of Certificates – Cancellation of Certificates held by Ooredoo and/or any of its Subsidiaries*), Ooredoo and/or any of its subsidiaries may at any time purchase Certificates in the open market or otherwise. If Ooredoo wishes to cancel such Certificates purchased by it and/or any of its subsidiaries Ooredoo will deliver those Certificates to the Principal Paying Agent for cancellation by or on behalf of the Trustee. Ooredoo may also exercise its option under the Sale Undertaking to require the Trustee to transfer to Ooredoo all of the Trustee's rights, title, interests, benefits and entitlements in and to certain Series Assets, with an aggregate value no greater than the aggregate outstanding face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation by or on behalf of the Trustee, the Trustee will transfer those Series Assets to Ooredoo.

Limited Recourse:

Each Certificate of a particular Series will represent an undivided ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets.

Certificateholders have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or Ooredoo (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party) or the Delegate or any of their respective affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been enforced, realised and fully discharged following which all obligations of the Trustee and Ooredoo shall be extinguished.

Denomination of Certificates:

The Certificates will be issued in such denominations as may be agreed between the Trustee, Ooredoo and the relevant Dealer save that the minimum denomination of each Certificate will be such amount as may be allowed or required from time to time by the relevant listing authority, central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency and save that the minimum denomination of each Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area, in circumstances which require the publication of

a prospectus under the Prospectus Directive, will be at least EUR100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency, as calculated on the Issue Date of such Series).

Form and Delivery of the Certificates:

The Certificates will be issued in registered form only. The Certificates will be represented on issue by beneficial interests in a global Certificate (the "**Global Certificate**"), which will be deposited with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. See the section entitled "*Form of the Certificates*". Certificates in definitive form evidencing holdings of Certificates ("**Definitive Certificates**") will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances.

Clearance and Settlement:

Certificateholders must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Withholding Tax:

All payments by Ooredoo under the Transaction Documents to which it is a party are to be made without withholding or deduction for, or on account of, any Taxes imposed in Qatar (or any political subdivision or any authority thereof or therein having power to tax) unless the withholding is required by law. In the event that any such deduction is made by Ooredoo as a result of any requirement of law, Ooredoo will be required, pursuant to the relevant Transaction Document, to pay to the Trustee additional amounts so that the Trustee will receive the full amount which otherwise would have been due and payable under the relevant Transaction Document. See the section entitled "*Taxation – Qatar*" for a description of certain tax considerations applicable in Qatar.

All payments by the Trustee in respect of the Certificates shall be made without withholding or deduction for, or on account of, Taxes imposed in the Cayman Islands (or any political subdivision or any authority thereof or therein having power to tax unless the withholding is required by law). Ooredoo has agreed in the Transaction Documents that, if the Trustee is required to make any deduction or withholding for: (i) Taxes; or (ii) as otherwise required by applicable law and is required to pay additional amounts in respect thereof, Ooredoo will pay to the Trustee additional amounts to cover the amounts so deducted as would have been paid had no such deduction or withholding been required.

Listing and Trading:

Application has been made to the Irish Stock Exchange for the Certificates to be admitted to listing on the Official List and admitted to trading on the Regulated Market.

Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, Ooredoo and the relevant Dealer(s) in relation to the Series. Certificates which are neither listed nor admitted to trading on any market may also be issued.

Certificateholder Meetings: A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 19 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*).

Tax Considerations: See the section entitled "*Taxation*" for a description of certain tax considerations applicable to the Certificates.

Governing Law: The Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by English law.

Each of the Master Declaration of Trust, each Supplemental Declaration of Trust, the Agency Agreement, the Programme Agreement, the Master Airtime Purchase Agreement, each Supplemental Airtime Purchase Agreement, the Master Distribution Agreement, the Purchase Undertaking, the Sale Undertaking, the Airtime Voucher Sale Undertaking, each Sale Agreement entered into in connection with the Purchase Undertaking or the Sale Undertaking, each Additional Airtime Voucher Sale Agreement entered in to in connection with the Airtime Voucher Sale Undertaking, the Certificates and any non-contractual obligations arising out of or in connection with the same, will be governed by, and construed in accordance with, English law and subject to the exclusive jurisdiction of the English courts.

The Corporate Services Agreement will be governed by the laws of the Cayman Islands and subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.

Transaction Documents: The Transaction Documents are: the Master Declaration of Trust; each Supplemental Declaration of Trust; the Master Airtime Purchase Agreement; each Supplemental Airtime Purchase Agreement; the Master Distribution Agreement; the Purchase Undertaking; the Sale Undertaking; the Airtime Voucher Sale Undertaking; each Sale Agreement entered into in connection with the Purchase Undertaking or the Sale Undertaking; each Additional Airtime Voucher Sale Agreement entered in to in connection with the Airtime Voucher Sale Undertaking; the Agency Agreement; and the Certificates.

Rating: The rating(s) of any Series of Certificates to be issued under the Programme which is to be rated will be specified in the applicable Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to the relevant Series of Trust Certificates will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are

	restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).
Selling and Transfer Restrictions:	There are restrictions on the distribution of this Base Prospectus and the offer, sale or transfer of Certificates in the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Japan, Malaysia, Singapore, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar, the Qatar Financial Centre, the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of the Certificates. See "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2.

RISK FACTORS

Each of the Trustee and Ooredoo believes that the following factors may affect its ability to fulfil its obligations relating to Certificates issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Trustee nor Ooredoo is in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.

Each of the Trustee and Ooredoo believes that the factors described below represent the principal risks inherent in investing in the Certificates issued under the Programme, but the inability of the Trustee to pay Periodic Distribution Amounts, Dissolution Amounts or other amounts on or in connection with any Certificates or to pay any amount in respect of the Dissolution Amounts or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee or Ooredoo based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Although the Trustee and Ooredoo believe that the various structural elements described in this Base Prospectus lessen some of these risks for Certificateholders, there can be no assurance that these measures will be sufficient to ensure payment to Certificateholders of any Periodic Distribution Amount or the Dissolution Amount in respect of the Certificates of any Series on a timely basis or at all.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this section.

Risk factors Relating to the Trustee

The Trustee was incorporated under the laws of the Cayman Islands on 4 November 2013 as an exempted company with limited liability and has a limited operating history. As at the date of this Base Prospectus, the only activity the Trustee has engaged in is the issuance of shares in its capital and the entry into the relevant Transaction Documents and the Corporate Services Agreement. The Trustee has not engaged in any other business activity.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to each Series of Certificates, including the obligation of Ooredoo to make payments under the Master Distribution Agreement and the Purchase Undertaking to the Trustee.

The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee from Ooredoo of all amounts due under the relevant Transaction Documents. Therefore the Trustee is subject to all the risks to which Ooredoo is subject to the extent that such risks could limit Ooredoo's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party.

Risks Relating to the Group

The Group has expanded rapidly, is comprised in part of significant newly acquired operations and does not have a long track record of operating in its current form

The Group has experienced significant growth in a relatively short period of time. For example:

- in March 2007, the Group acquired a 51.0 per cent. direct shareholding in National Mobile Telecommunications Company K.S.C. ("**Wataniya**"), including Wataniya's businesses in Kuwait, Algeria, Tunisia and Maldives and its mobile telecommunications licence in Palestine; in October 2008 the Group increased its direct shareholding in Wataniya to 52.5 per cent. and subsequently in October 2012 increased its direct shareholding further to 92.1 per cent. via a public tender offer;

- in June 2008, the Group acquired a 40.8 per cent. direct shareholding in PT Indosat Tbk (“**Indosat**”); the Group subsequently increased its direct shareholding in Indosat to around 65.0 per cent. in March 2009 via a public tender offer;
- in January 2011, Wataniya increased its direct shareholding in Tunisiana S.A. (then known as Orascom Telecom Tunisie S.A.) (“**Tunisiana**”) from 50.0 per cent. to 75.0 per cent.; following completion of the Group’s tender offer in Wataniya in October 2012, the Group’s indirect shareholding in Tunisiana increased to 69.1 per cent.; in December 2012, the Group purchased a 15.0 per cent. direct shareholding in Tunisiana from the Republic of Tunisia, as a result of which, Ooredoo’s direct and indirect shareholding in Tunisiana increased from 69.1 per cent. to 84.1 per cent.;
- in November 2011, Asia Mobile Holdings Pte. Ltd. (“**Asia Mobile Holdings**”), an investment company in which the Group holds a 25.0 per cent. direct shareholding, increased its direct shareholding in StarHub Limited (“**StarHub**”), a telecommunications company in Singapore, from 48.2 per cent. to 56.6 per cent. and the Group’s indirect shareholding to 14.1 per cent.; and
- in June 2012, the Group increased its economic interest in Asiacell Communications PJSC (formerly known as Asiacell Communications LLC) (“**Asiacell**”) to 53.9 per cent. In February 2013, Asiacell completed its initial public offering, representing 25.0 per cent. of its share capital, as a result of which the Group’s economic interest in Asicaell increased to 64.1 per cent.

The growth of the Group’s business over the past seven years has been driven in significant part by acquisitions. Due to the number and magnitude of the Group’s acquisitions from 2005 onwards, its historical consolidated financial and operating data are not directly comparable from period to period. A significant portion of the Group’s recent growth is attributable to its expansion into and operations in relatively high-risk locations. For example, during the nine-month period ended 30 September 2013, Asiacell, which conducts operations in Iraq, a country that remains subject to serious political and security concerns generated the highest profits out of the operations of the Group. See “*Risks Relating to International Operations – The Group operates in locations where there are high security risks, which could result in harm to its employees and contractors or substantial costs being incurred*”. As certain of its markets continue to mature, a significant portion of Ooredoo’s future growth may also depend on the success of its recent acquisitions in these higher-risk locations, as well as its success in finding and completing future acquisitions generally.

The Group has a limited history of operating in its current form, including in terms of size and geographic reach, and its ability to manage its existing businesses and its future growth depends upon a number of factors, including its ability: (i) to effectively increase the scope of its operational and financial systems and controls to handle the increased complexity and expanded geographic area of its operations; (ii) to recruit, train and retain qualified staff to manage and operate its growing business; (iii) to obtain necessary permits, licences, spectrum allocation or approvals from governmental authorities and agencies; and (iv) to explore new markets and run new businesses. In addition, prior to being acquired by the Group, target companies may have incurred contractual, financial, regulatory, environmental or other obligations and liabilities that may impact the Group in the future that may not have been adequately reflected in the historical financial statements of such companies or otherwise known to the Group or discovered by the Group in its due diligence process relating to such acquisitions. Any difficulties in addressing these issues and fully integrating its acquisitions could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

The Group may face increased competition from new entrants or established telecommunications operators in the markets in which it operates

The Group faces intensifying competition both from relatively new entrants to the telecommunications markets in which the Group operates and from existing competitors. For example, in March 2009, Qatar rescinded the Group’s exclusive right to provide domestic and international fixed line and mobile telecommunications services throughout Qatar and provided Vodafone Qatar Q.S.C. (“**Vodafone Qatar**”) with licences to offer similar services in Qatar. In March 2009, the Saudi Telecom Company (“**STC**”) began commercial operations in Kuwait under its brand “Viva”. Competition has led to a reduction in the rate at

which the Group adds new customers and may lead to a decrease in the Group's market share as customers purchase telecommunications services, or other competing services, from other providers. As at 30 September 2013, the Group held market share of 67 per cent., 19 per cent., 30 per cent. and 36 per cent. in the telecommunications markets in Qatar, Indonesia, Kuwait and Iraq, respectively, by number of customers, compared to 71 per cent., 21 per cent., 38 per cent. and 36 per cent. respectively, as at 30 September 2012.

The competitive focus in certain of the Group's markets continues to shift from customer acquisition to customer retention as a result of increased penetration of the mobile telecommunications market. There can be no assurance that the Group will not experience increases in customer churn rates, reflecting increased numbers of customer deactivations, particularly as competition for existing customers intensifies. An increase in churn rates may result in lower revenue and higher costs resulting from the need to replace customers and may consequently have a material adverse effect on the Group's profitability.

Increasing competition has also led, in certain markets, to a decline in the prices the Group is able to charge for its services and may lead to further price declines in the future. In addition, the Group faces increasing competition in the markets in which it operates due to the entrance of new telecommunications service providers. For example, as at 30 September 2013, Vodafone Qatar had 33 per cent. of the cellular customer market share in Qatar, compared to 29 per cent. as at 30 September 2012. This increased market share negatively affected the ARPU of the Group in Qatar in 2011, 2012 and the first nine months of 2013. In Indonesia, the Group faces intense competition from Telkomsel and XL Axiata; in Iraq, Zain and Korek Telecom are the main competitors to Asiacell's operations; and in Kuwait, Zain and Viva are the main competitors to Wataniya's operations. Competition from these companies or any other new entrants in any of the other markets in which the Group operates, may result in an overall reduction in the Group's tariffs or cause the Group to lose customers, fail to attract new customers or incur additional costs to maintain its customer base or to maintain revenues from such customer base. See "*Business Description of the Group – Principal Operations*". Increasing competition could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Antitrust and competition laws in the countries in which the Group operates may limit its growth and subject it to antitrust and other investigations or legal proceedings

The antitrust and competition laws and related regulatory policies in many of the countries in which the Group operates generally favour increased competition in the telecommunications industry and may prohibit the Group from making further acquisitions or continuing to engage in particular practices to the extent that it holds a significant market share in such countries. In addition, violations of such laws and policies could expose the Group to civil lawsuits or criminal prosecution, including fines and imprisonment, and to the payment of punitive damages. For example, in October 2011, the Supreme Council of Information and Communication Technology ("**ictQATAR**") issued a designation of Ooredoo as a dominant service provider in all 14 relevant retail and wholesale telecommunications markets in Qatar, following ictQATAR's Market Definition and Dominance Designation Review in 2010 (the "**MDDD Review**"). The designation as a dominant service provider triggers a range of legal obligations, such as the requirement to obtain pricing and tariff approval from ictQATAR and the prohibition of any activities constituting an abuse of dominant position, such as price discrimination, bundling and tying, cross-subsidisation and refusal to supply. See "*Risk Factors – Risks Relating to the Telecommunications Industry – The Group may be, from time to time, involved in disputes and litigation with regulators, competitors and other parties. The ultimate outcome of such legal proceedings is generally uncertain. When concluded, they may have a material adverse effect on the Group's business, financial condition and results of operations"* and *"Business Description of the Group – Litigation*".

The Group cannot predict the effect that lawsuits, appeals, investigations or any future investigations by regulatory bodies or by any third party in any of the countries in which it operates, will have on its business, results of operations or prospects. In addition, any fines, other penalties on the Group, imposed by the relevant antitrust or competition authority as a result of any such investigation, or any prohibition on the Group engaging in certain types of business in one or more of the regions in which it operates, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group does not continue to provide telecommunications or related services that are useful and attractive to customers, it may not remain competitive, and its revenues, results of operations and prospects may be adversely affected

The Group's commercial success depends on providing telecommunications services that provide the Group's customers with value for their money. If the Group is unable to anticipate customer preferences or industry changes (including the use of new or alternative technologies), or if it is unable to modify its services on a timely basis, it may lose customers. The Group's operating results would also suffer if its new products and services are not responsive to the needs of its customers, are not appropriately timed with market opportunity or are not effectively brought to market. Many of the services the Group offers are technology-intensive and the development or acceptance of new technologies may render such services non competitive, replace such services or reduce prices for such services. In addition, as convergence of services accelerates, the Group has made and will have to continue to make additional investments in new technologies to remain competitive. The new-technologies the Group chooses may not prove to be commercially successful. For example, the Group utilises worldwide interoperability for microwave access ("**WiMAX**") technology, a wireless broadband network designed to provide significantly higher data transport speeds, in Pakistan and the Philippines, and formerly in Jordan. However, the Group believes that WiMAX has not proven to be as popular or cost-effective as it had initially hoped, and the Group has discontinued WiMAX operations in Jordan. In addition, the Group may not receive, in a timely manner or at all, the necessary licences to provide services based on new technologies.

As telecommunications technology continues to develop, the Group's competitors may be able to offer telecommunications products and services that are, or that are perceived to be, substantially similar or better than those offered by the Group. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks relating to the Group's third party indebtedness

As at 30 September 2013, the Group had QR41.8 billion (U.S.$11.5 billion) in outstanding indebtedness and had an additional QR4.7 billion (U.S.$1.3 billion) under its financing agreements available for drawdown. As at 30 September 2013, the Group's consolidated indebtedness included QR3.7 billion (U.S.$1.0 billion) in outstanding indebtedness of its subsidiaries (excluding Indosat) including term loan facilities and syndicated loans, of which approximately 48 per cent. were secured by pledges of assets and shares of these subsidiaries and parent guarantees. The Group incurred financing costs (net) of QR1,497.0 million (U.S.$411.3 million) in the nine months ended 30 September 2013.

The Group's third party indebtedness is subject to both fixed and floating interest rates. Although the Group may convert its floating rate indebtedness into fixed rates using interest rate swaps when it believes it appropriate and prudent to do so, it does not convert all of its floating rate indebtedness into fixed rates and cannot be certain what the interest rates on its remaining floating rate indebtedness will be in the future. A breach of the terms of any indebtedness, including financial covenants, could cause the Group's lenders to require the Group to repay the financing immediately. Additionally, if the Group's operating cash flows are not sufficient to meet its operating expenses and its own debt service obligations or those of its subsidiaries, the Group may be forced to do one or more of the following:

- delay or reduce capital expenditure;
- sell certain of its assets;
- forego business opportunities, including acquisitions and joint ventures; or
- repay its debt early due to the acceleration of such debt by the respective lenders.

In addition, the debt covenants in the Group's financing agreements, which include debt service cover ratios and other financial condition tests, could limit the Group's flexibility in planning for, and reacting to, competitive pressures and changes in its business, industry and general economic conditions and limit its ability to make strategic acquisitions and to take advantage of business opportunities.

The Group's indebtedness includes indebtedness that will become payable in the short term including an Islamic commodity murabaha facility outstanding in the total amount of U.S.$500 million which will mature in the second quarter of 2014. Additionally, one of its tranches of unsecured bonds issued in 2009, in the amount of U.S.$900 million, matures in the second quarter of 2014. There can be no assurance that the Group's business will generate sufficient cash flow from operations or that future borrowings will be available in an amount sufficient to enable the Group to repay or service its indebtedness or to fund its liquidity needs. If the Group is unable to meet its debt service obligations, it may attempt to restructure or refinance existing debt or seek additional funding. However, the Group may not be able to do so on satisfactory terms, if at all. Failure to do so could have a material adverse effect on its business, financial condition and results of operations.

If the Group fails to retain and attract qualified and experienced employees, its business may be harmed

If the Group is unable to retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications or fails to recruit skilled professional and technical staff at a pace consistent with its growth, its business and results of operations may be adversely affected. Experienced and capable personnel in the telecommunications industry remain in high demand and there is continual competition for their talents. The loss of some members of the Group's senior management team or any significant number of its mid-level managers/skilled professionals may result in: (i) a loss of organisational focus; (ii) poor execution of operations and corporate strategy; or (iii) an inability to identify and execute potential strategic initiatives such as expansion of capacity or acquisitions. These adverse consequences could, among other things, reduce potential revenue and expose the Group to downturns in the markets in which it operates, all of which in the aggregate or individually could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's continued growth in profitability depends on its ability to continue to grow organically as well as the success of its acquisition strategy

The Group's future success depends on its ability to expand its business organically and to continue to complete strategic acquisitions. As the Group continues to grow, it believes that it must maintain an appropriate mixture of organic growth and acquisitions in order to balance the capital expenditure and cash flow profiles associated with its telecommunications operations and other business activities across different development stages. There can be no assurance that the Group will be able to achieve this goal. Moreover, the Group's organic growth depends on the number of customers, its ability to increase revenues, limit churn and update existing networks and services and successfully launch new value added services. Any difficulties in attracting new customers or updating its networks and services could have a material adverse effect on the Group's results of operations and prospects.

As a number of markets in which the Group operates are relatively mature, future revenue growth, and, to a lesser extent, future profitability growth, will depend on the Group's future acquisition strategy. The success of the Group's acquisition strategy, in turn, depends on the ability of management to identify suitable acquisition targets, to assess the value, strengths, weaknesses, contingent or other liabilities and potential profitability of such acquisitions, to negotiate acceptable purchase terms and to integrate the acquired businesses. In addition, the Group's acquisition strategy depends on its ability to obtain the appropriate regulatory and government approvals, licences, spectrum allocation and registrations and may be limited by regulatory constraints in the countries in which it operates due to antitrust laws, asset control laws or political conflicts. See "*Risk Factors – Risks Relating to the Group – Antitrust and competition laws in the countries in which the Group operates may limit its growth and subject it to antitrust and other investigation or legal proceedings*". In addition, the success of the Group's acquisitions will depend on, and may be limited by, the Group's ability to finance acquisitions, which may be limited by restrictions contained in its debt instruments and its other existing and future financing arrangements. For a description of the Group's primary credit facilities, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flow – Indebtedness*".

There can be no assurance that the Group will be able to identify and effect future acquisitions on appropriate terms and at an acceptable cost. The Group cannot give any assurance that its recent rate of growth will be maintained in the future or that demand for the Group's services will continue to grow at rates sufficient to

achieve a satisfactory return on any investments that it makes. There is a risk that the withdrawal by the Group from any of the markets in which it operates, such as Jordan and Saudi Arabia, two markets where the Group discontinued operations during 2012 and 2013, might adversely affect the growth of the Group. The Group's inability to expand its business organically, or to find and complete suitable acquisitions, could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is exposed to certain risks in respect of the expansion of its existing networks

Among the Group's projects are the development of a National Broadband Network project and Long Term Evolution (LTE) technology in Qatar and the rollout of a fixed-line network in Tunisia. Network expansion and infrastructure projects, including those in the Group's development pipeline, typically require substantial capital expenditure throughout the planning and construction phases and it may take months or years before the Group can obtain the necessary permits and approvals and the new sites become operational, during which time the Group is subject to a number of construction, financing, operating, regulatory and other risks beyond its control, including, but not limited to:

- shortages of materials, equipment and labour;
- an inability on the Group's part to make any necessary financing arrangements on terms favourable to the Group, if at all;
- changes in demand for the Group's services;
- labour disputes and disputes with sub-contractors;
- inadequate infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- failure to complete projects according to specifications;
- adverse weather conditions and natural disasters;
- accidents;
- changes in local governmental priorities; and
- an inability to obtain and maintain project development permission or requisite governmental licences, permits or approvals.

The occurrence of one or more of these events may have a material adverse effect on the Group's ability to complete its current or future network expansion projects on schedule or within budget, if at all, and may prevent the Group from achieving the projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the Group will be able to generate revenues from its expansion projects that meet its planned targets and objectives, or that such revenues will be sufficient to cover the associated construction and development costs, which could have a material adverse effect on the Group's financial condition, results of operations and prospects.

Telecommunications businesses require substantial capital investment and the Group may not have sufficient capital to make, or may be restricted by covenants in its financing agreements from making, future capital expenditure and other investments as the Group deems necessary or desirable

The Group operates in capital-intensive industries that require substantial amounts of capital and other long-term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks. In the past, the Group has financed these expenditures through a variety of means, including internally generated cash flows, external borrowings (including banking and capital markets transactions) and capital contributions. In the future, the Group expects to utilise a combination of these sources to manage its statement of financial position and meet its financing requirements. There can be no assurance that such sources of capital will be available to the Group on acceptable terms, if at all.

The Group's ability to arrange external financing, and the cost of such financing, depends on numerous factors, including the Group's future financial condition, general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, applicable provisions of tax and securities laws and political and economic conditions in any relevant jurisdiction. There can be no assurance that the Group will be able to arrange any such external financing on commercially reasonable terms, if at all.

In addition, covenants contained in the Group's current or future financing agreements may restrict the Group from undertaking capital expenditure and new acquisitions in amounts and at times that it deems necessary or desirable. If the Group undertakes further expansion then it may be more challenging for the Group to comply with these covenants. If the Group is unable to generate or obtain funds sufficient to make, or is otherwise restricted from making, necessary or desirable capital expenditure and other investments, it may be unable to grow its business, which may have a material adverse effect on its financial condition and results of operations.

A failure in the continuing operations of the Group's networks, gateways to its networks or the networks of other operators could adversely affect the Group's business, financial condition and results of operations

The Group depends to a significant degree on the uninterrupted operation of its networks to provide its services. From time to time, customers of certain operating companies within the Group have experienced blocked calls because of network capacity constraints. The Group cannot assure investors that these relevant networks can be improved or maintained at current levels.

The Group relies to a certain extent on interconnection to the networks of other telecommunications operators to carry calls from its customers to the customers of fixed-line operators and other mobile operators, both within a given country and internationally. The Group's network, including its information systems, information technology and infrastructure and the networks of other operators with whom its customers interconnect, are vulnerable to damage or interruptions in operation from a variety of sources including earthquake, fire, flood, power loss, equipment failure, network software flaws, transmission cable disruption or similar events. Any interruption of the Group's operations or of the provision of any service, whether from operational disruption, natural disaster or otherwise, could damage the Group's ability to attract and retain customers, cause significant customer dissatisfaction and have a material adverse effect on its business, financial condition and results of operations.

Qatar exerts significant control over Ooredoo and its interests may conflict with those of Certificateholders and/or of Ooredoo itself

Qatar is the Ooredoo's most significant shareholder, holding, through its wholly-owned subsidiary Qatar Holding LLC (an entity established by the Qatar Investment Authority), 51.6 per cent. of Ooredoo's outstanding voting shares as at the date of this Base Prospectus. In addition, Qatar holds a special share (the "**Golden Share**"), which, in accordance with Ooredoo's Articles of Association, gives it the exclusive right to, amongst other things, appoint and remove five of the 10 members of Ooredoo's Board of Directors (the "**Board**"), including the Chairman of the Board, together with the right to approve, veto and reverse certain decisions of the Group. Qatar's right to appoint and remove five of the 10 members of the Board applies for so long as Qatar's shareholding is maintained. Even if Qatar ceases to own 50.0 per cent. or more of Ooredoo's outstanding voting shares, Qatar would still be able to appoint a number of board members *pro-rata* to the number of shares it holds with the remaining members of the Board not appointed by Qatar being elected by the General Assembly by way of a secret ballot in which Qatar has no voting rights. Notwithstanding its ownership percentage, Qatar will always have the right to appoint not less than two members of the Board, one of them being the Chairman of the Board.

Furthermore, as at 30 September 2013, a variety of Qatari government related entities, including the Qatar Pension Funds and Qatar National Bank S.A.Q., owned an additional 17.5 per cent. of Ooredoo's outstanding voting shares, thereby increasing the direct and indirect influence of Qatar over Ooredoo's operations. Qatar, by virtue of its ownership of the Golden Share and Ooredoo's Articles of Association, is able to exercise control over, amongst other things:

- election of Ooredoo's directors and, in turn, selection of Ooredoo's management;
- Ooredoo's business policies and strategies;
- budget approval, including personnel costs;
- the issuance of debt or equity securities;
- mergers, acquisitions and disposals of Ooredoo's assets or businesses; and
- amendments to Ooredoo's charter documents.

As stated above, as a result of Ooredoo's Articles of Association and Qatar' ownership of the Golden Share and, through Qatar Holding LLC, 51.6 per cent. of Ooredoo's outstanding voting shares, Qatar has the power to appoint five of the 10 members of Ooredoo's Board of Directors, including the Chairman. In the event of a tied vote, the Chairman has the right to cast the deciding vote. Consequently, there can be no assurance that the resolution of any matter that may involve the interests of Qatar will be resolved in what investors would consider to be their best interests. See "*Corporate Governance – Supervisory Governance of Ooredoo – Rights of Qatar*".

Ooredoo's financial obligations are not guaranteed by Qatar

Although Qatar is a majority shareholder of Ooredoo (see above "*Qatar exerts significant control over Ooredoo and its interests may conflict with those of Certificateholders and/or of Ooredoo itself*"), Ooredoo is an independent commercial enterprise and, in the absence of an explicit guarantee from Qatar in respect of any of its borrowings, none of its financial obligations (including its obligations under the Certificates) or those of its subsidiaries, affiliates or joint ventures are guaranteed by Qatar. Accordingly, Ooredoo's financial obligations, including its obligations under the Certificates, are not and should not be regarded as obligations of Qatar. Ooredoo's ability to meet its financial obligations under the Certificates is solely dependent on Ooredoo's ability to fund such amounts from its profits and cash flows, or from other, non-Qatari government, sources of financing. Therefore, any decline in Ooredoo's operations, its profits or cash flows, or any difficulty in securing external funding, may have a material adverse effect on Ooredoo's ability to satisfy its payment obligations to Certificateholders irrespective of ownership by Qatar.

A downgrade in the credit ratings of Ooredoo or any of its subsidiaries could limit their ability to negotiate new loan facilities, access the debt capital markets and may increase their borrowing costs and/or adversely affect their relationship with creditors

Ooredoo's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining Ooredoo's cost of borrowing funds. The interest rates of the Group's borrowings are partly dependent on its credit ratings. As at the date of this Base Prospectus, Ooredoo has a long term local and foreign currency rating of A+ by Fitch, a long-term local and foreign currency rating of A and a short term local and foreign currency rating of A-1 by S&P and long-term local and foreign currency rating of A2 by Moody's. A downgrade of Ooredoo's credit ratings, or being placed on a negative ratings watch, may increase its cost of borrowing and materially adversely affect its results of operations. A downgrade of Ooredoo's credit ratings (or announcement of a negative ratings watch) may also limit its or its subsidiaries' ability to raise capital. Moreover, actual or anticipated changes in Ooredoo's credit ratings or the credit ratings of the Certificates (if applicable) generally may affect the market value of the Certificates.

Indosat, which for the nine-month period ended 30 September 2013, contributed 25.2 per cent. of the Group's consolidated revenue, has, at the date of this Base Prospectus, a local currency corporate family rating and a senior unsecured rating of Ba1 by Moody's, a long term local and foreign currency rating of BB+ by S&P, a long term local and foreign currency rating of BBB by Fitch and a local currency rating of idAA+ from PT Pemeringkat Efek Indonesia (Pefindo). A downgrade of Indosat's credit rating, or being placed on a negative ratings watch, may increase its cost of borrowing and could materially adversely affect its business, financial condition and results of operations which, in turn, could have a materially adverse effect on the Group's business, financial condition and results of operations.

In addition, ratings assigned to the Certificates (if applicable) may not reflect the potential impact of all risks related to the transaction, the market or any additional factors discussed in this Base Prospectus and other factors may affect the value of the Certificates. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

Fluctuations in currency exchange rates could materially adversely affect the Group's business, financial condition or results of operations

The Group has operations across the Middle East and North Africa ("**MENA**"), the Asian Subcontinent and the Asia Pacific regions and the revenues received by the Group are typically denominated in the local currency of the countries in which the Group operates. Since capital expenditure and borrowings are often denominated in U.S. dollars, the Group has been, and expects to continue to be, exposed to foreign exchange rate fluctuations, which could materially affect the Group's results of operations, as reported in Qatari Riyals. The Group uses foreign currency hedging contracts if it deems it appropriate and commercially viable, although foreign currency hedging contracts may only partially protect its results of operations, assets and liabilities from the effect of exchange rate fluctuations.

Since the Group presents its consolidated financial statements in Qatari Riyals, it is also exposed to risks related to the translation of assets and liabilities denominated in other currencies, particularly given that all of the Group's operations outside Qatar use other currencies in preparing their financials. In addition, although the Qatari Riyal was pegged to the U.S. dollar as at the date of this Base Prospectus, Qatar may, in the future, remove or alter the peg causing the U.S. dollar denominated value of the Group's assets and liabilities to fluctuate. As a result, the Group is exposed to risks related to the translation of assets and liabilities denominated in foreign currencies and currency fluctuations could have an impact on its statement of financial position. Movement in the value of the Qatari Riyal against other currencies may accordingly materially adversely affect the Group's financial condition and results of operations. Fluctuations in exchange rates could also significantly impact the comparability of the Group's operating results between financial periods. For example, for the nine months ended 30 September 2013, the Group derived 25.2 per cent. of its revenue from Indosat, whose revenues are largely denominated in the Indonesian rupiah, which tends to be relatively volatile compared to other currencies and which decreased in value against the U.S. dollar, to which the Qatari Riyal is pegged, by around 16 per cent. during the nine months ended 30 September 2013.

Accordingly, there can be no assurance that future exchange rate fluctuations between the Qatari Riyal and the currencies of countries in which the Group operates will not have a material adverse effect on the Group's business, financial condition and results of operations.

Fluctuations in interest rates could materially adversely affect the Group's business, financial condition or results of operations

Interest rates are highly sensitive to many factors beyond the Group's control, including the interest rate, exchange rate and other monetary policies of governments and central banks in the jurisdictions in which the Group operates. In addition, the floating rate debt portion of the Group's loans and borrowings is subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such debt. Consequently, because a portion of the Group's debt is subject to floating interest rates, any increase in such reference rates will result in an increase in the Group's interest rate expense and may have a material adverse effect on the Group's financial condition and results of operations. For example, as at 30 September 2013, QR12.9 billion (U.S.$3.5 billion) of the Group's loans and borrowings, principally comprising borrowings denominated in U.S. dollars and Indonesian rupiah, carried interest at floating rates. A hypothetical 25 basis point change in interest rates on the floating rate portion of the Group's loans and borrowings would result in a change in its finance costs of approximately QR32.4 million (U.S.$8.9 million) per year. There can be no assurance that, upon the expiration of the Group's current interest rate hedging arrangements, the Group will be able to enter into similar hedging transactions in the future on commercially reasonable terms, if at all, or that these agreements will protect it fully against its interest rate risk in the future. For example, there can be no assurance that the counterparties to such arrangements will perform their obligations. See

"*Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk*".

Effects of the global economic crisis on the Group

The global economic crisis commenced in the second half of 2007 and continued into 2008 with a banking crisis in a number of established Western countries, including the United States and the United Kingdom. More recently the crisis has taken the form of sovereign debt crises in a number of countries within the Eurozone. The global economic crisis has had an effect in a number of countries in the MENA region. However, it remains difficult to quantify the impact of the global economic crisis on Qatar and the other countries in which the Group operates. The Group is exposed to risks associated with the global economic downturn. Many of the Group's strategic partners and suppliers are based overseas and may experience financial difficulties that could affect their ability to service the Group in a timely and efficient manner. The global recession may also result in reduced demand for oil and gas in major markets, resulting in a reduction in oil and gas prices, with a negative impact on the Qatari economy and the Group. As an emerging market, the Qatari economy may be perceived as being more fragile than more established economies, and investors will likely compare Qatar to other emerging economies, which may not have the same political and security risks associated with them as is the case with Qatar. The global economic crisis could have a material and adverse effect on the Group's revenues, financial position, results of operations and continued growth.

The Group may pursue investment opportunities in countries in which it has no previous investment experience or in jurisdictions that are subject to greater social, economic and political risks

The Group may not be able to adequately assess the risks of investing in new jurisdictions irrespective of advice from its advisers. Investments made by the Group in emerging markets may involve a greater degree of risk than investments in developed countries. For example, emerging market investments may carry the risk of more volatile equity markets, less favourable and less sophisticated fiscal and commercial regulation, less well-developed and independent court systems, a greater likelihood of severe inflation, unstable currency, exchange controls, restrictions on repatriation of profits and capital, corruption, political, social and economic instability (including warfare and civil unrest) and government actions or interventions, including tariffs, royalties, protectionism, subsidies, expropriation of assets and cancellation of contractual rights, than investments in companies based in developed countries. An occurrence of any of the foregoing risks or failure by the Group to correctly identify the risks associated with an investment could have a material adverse effect on its business, financial condition and results of operations and therefore affect the ability of the Issuer and Ooredoo to perform their respective obligations in respect of any Certificates.

Risks Relating to the Telecommunications Industry

Because the Group operates in heavily regulated business environments, regulatory decisions and changes in the regulatory environment could materially adversely affect its business

The Group has operations in a large number of jurisdictions and must therefore comply with an extensive range of laws and regulations pertaining to the licensing, construction and operation of telecommunications networks and services, as implemented by relevant agencies or other regulatory bodies. Among the most significant of these laws and regulations are those governing the allocation of frequency spectrum and regulatory agencies that monitor and enforce regulation and competition laws which apply to the telecommunications industry. Decisions by regulators regarding the granting, amendment or renewal of licences, to the Group or to third parties, could materially and adversely affect the Group's future operations in these geographic areas. The Group may also not be able to realise expected revenues from capital expenditures invested in certain infrastructure projects if governments or their regulatory authority require the Group to share or sell any rights to the assets once complete. The Group cannot provide any assurance that governments or their regulatory bodies in the countries in which it operates will not issue telecommunications licences to new operators whose services will compete with it. For example, until March 2009, Ooredoo was the incumbent telecommunications provider in Qatar. However, ictQATAR, the regulatory authority for telecommunications in Qatar, revoked Ooredoo's exclusive right to provide telecommunication services in Qatar and granted a licence to Vodafone Qatar, which launched commercial operations in Qatar in March 2009. Vodafone Qatar also obtained a licence to operate a fixed line service,

which became effective in April 2010.

ictQATAR has opened public consultations regarding the roll-out of infrastructure for new large-scale projects, public utilities, major regional projects or large-scale multi-purpose developments. If required in relation to a particular project, ictQATAR may issue licences to companies to construct passive telecommunications networks, consisting of the cables and towers capable of transmitting telecommunications services. The holders of such passive licences may lease or rent such networks to certain qualifying persons, including licensed telecommunications providers. To date, ictQATAR has issued two such licences, to United Development Company PSC and the Qatar National Broadband Network ("**QNBN**"). It is currently unclear whether ictQATAR will issue any more licences for passive infrastructure, but the issuance of further such licences could raise the costs incurred by the Group to provide telecommunications services in Qatar or have an adverse effect on the quality of the network available to carry the Group's services.

In addition, other changes in the regulatory environment concerning the use of mobile phones may lead to a reduction in the usage of mobile phones or otherwise adversely affect the Group. Also, decisions by regulators and new legislation, such as the transfer from ictQATAR of certain regulatory functions, including responsibility for price regulation, to an independent governmental authority sometime in the future, could affect the pricing of, or adversely affect the revenue from, the services the Group offers. If price regulation is introduced in any country in which the Group operates, such regulation may result in a reduction in, or a cap on the growth of its domestic and international tariffs and the fees and charges for other products and services provided by it. See "*Business Description of the Group – Telecommunications Operations – Regulation*".

The Group faces a risk of increased customer churn as a result of mobile number portability

Prior to 2013, the Group was protected to some extent from customer churn by the fact that mobile telephone numbers in Qatar, Kuwait and Iraq were not transferable between service providers. A customer switching from one service provider to another would therefore have had to change his or her mobile telephone number. The inconvenience associated with this acts as a disincentive to customers considering switching service providers and thus mitigates churn. However, in January 2013, ictQATAR introduced mobile number portability services in Qatar and in April 2013, the Ministry of Communications in Kuwait introduced mobile number portability services in Kuwait, in each case in order to provide greater consumer choice and promote competition. In addition, the Communications and Media Commission in Iraq is actively requiring mobile telecommunications operators in Iraq to adopt mobile number portability. Mobile number portability represents a risk to the Group in that it removes a key disincentive to customers switching service providers and may increase churn. This could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group may face risks in relation to its rebranding

The Group's performance and financial results are, to a certain extent, dependent on the strength of the Group's brands, name recognition and reputation. In February 2013, the Group, which operates in various countries under different brand names (previously "Qtel" in Qatar as well as "Indosat" in Indonesia, "Asiacell" in Iraq and "Wataniya" in Kuwait), announced the launch of its new brand, "Ooredoo", which means "I want" in the Arabic language. The new branding, textually and visually, is expected to be adopted globally throughout each of the markets in which the Group operates throughout 2013 and 2014, on a case-by-case basis and depending on the market environment. Qatar was the first of the Group's operations to undergo rebranding in March 2013, followed by Tunisia in September 2013 and Algeria in November 2013. Whilst a successful rebranding can enable a business to gain a competitive advantage by reflecting current market dynamics and improving its perception in the marketplace, there are a number of risks involved in undergoing a rebranding exercise, particularly where the commercial name is changed. An unsuccessful rebranding strategy can result in loss of reputation, brand value and goodwill, each of which had been developed over the life of the existing brand and can take significant time to recover. Rebranding also entails significant practical implementation costs and expenses, particularly where a business has a presence in a number of different markets, as is the case with the Group. Due to cultural differences and variations in customer expectations in each market in which the Group operates, there is also a risk that

customers in one market may not react as positively to the rebranding as customers in another market, especially where a uniform brand is adopted globally. There remains a risk that the reaction to the Group's rebranding amongst its customers may be not be as positive as intended, or even negative, and that the goodwill of the Group may be eroded. This could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group could suffer loss of consumer confidence and/or legal action due to a failure to protect its customer information

Mobile networks carry and store large volumes of confidential personal and business voice traffic and data. The Group hosts increasing quantities and types of customer data in all principal markets in which it operates. The Group needs to ensure its service environments are sufficiently secure to protect it from loss or corruption of customer information. Failure to adequately protect customer information could have a material adverse effect on the Group's reputation and may lead to legal action against the Group, which could have an adverse impact on its financial position and its operations.

Continued cooperation between the Group and its equipment and service providers is important to maintain the Group's telecommunications operations

Once a manufacturer of telecommunications equipment has designed and installed its equipment within a system, the operator of the system will often be reliant on such manufacturer for continued service and supply. The Group's ability to maintain and grow its subscriber base depends in part on its ability to source adequate supplies of network equipment and on its ability to source adequate supplies of mobile handsets, software and content on a timely basis. Continued cooperation with these equipment and service providers is essential for the Group to maintain its operations.

The Group does not have operational or financial control over its key suppliers and has limited influence with respect to the manner in which its key suppliers conduct their businesses. The Group's subsidiaries' and associates' reliance on these suppliers subjects them and the Group to risks resulting from any delays in the delivery of services. The Group cannot assure investors that its suppliers will continue to provide equipment and services to its subsidiaries and associates at attractive prices or that the Group will be able to obtain such equipment and services in the future from these or other providers on the scale and within the time frames required, if at all. The inability or unwillingness of key suppliers to provide the Group's operations with adequate equipment and supplies on a timely basis and at attractive prices could materially and adversely impact these operations' ability to retain and attract subscribers or offer attractive product offerings, either of which could materially and negatively impact the Group's business, financial condition, results of operations and prospects.

Domestic, regional or global economic changes may adversely affect the Group's businesses

Economic conditions can have a material adverse effect on telecommunications businesses, including a material adverse effect on the quality and growth of their customer base and service offerings. An economic downturn in the MENA, the Asian Subcontinent and Asia Pacific regions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, the current global economic conditions, which could have had an effect on credit conditions, and any fall in oil or gas prices, may cause an economic slowdown or contraction in many countries in which the Group operates. Further market disruption may be caused by continued economic stagnation and certain countries in Europe, and throughout the world, experiencing debt servicing problems and other adverse economic events. Current high rates of inflation in some of the countries in which the Group operates may also cause consumer purchasing power to decrease, which may reduce consumer demand for the Group's services. Additionally, any decrease in the population growth or gross domestic product ("**GDP**") in the markets in which the Group operates may adversely affect the Group's business, financial condition, results of operations and prospects.

A loss of investor confidence in the financial systems of emerging as well as mature markets may cause increased volatility in the financial markets in the countries and regions in which the Group operates and a slowdown in economic growth or economic contraction in those countries and regions. Any such increased

volatility or slowdown could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's operations could be adversely affected by natural disasters or other catastrophic events beyond the Group's control

The Group's business operations, technical infrastructure (including its network infrastructure) and development projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other catastrophic or otherwise disruptive events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns;
- major accidents, including chemical or other material environmental contamination;
- power loss; and
- strike or lock-out or other industrial action by workers or employers.

The occurrence of any of these events, or a similar such event, at one or more of the Group's facilities or in the regions in which the Group operates may cause disruptions to the Group's operations in part or in whole, may increase the costs associated with providing services as a result of, among other things, costs associated with remedial work, may subject the Group to liability or impact the Group's brands and reputation and may otherwise hinder the normal operation of the Group's business, which could materially adversely affect its business, financial condition and results of operations.

In addition, the Group's technical infrastructure is vulnerable to damage or interruption from information and telecommunication technology failures, acts of war, terrorism, intentional wrongdoing, human error and similar events. Unanticipated problems at the Group's facilities, system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of its services and cause service interruptions. Any of these occurrences could result in reduced user traffic and reduced revenues and could harm the Group's operations. For a description of the Group's disaster recovery systems and procedures, see "*Business Description of the Group – Information Technology*".

The effect of any of these events on the Group's financial condition and results of operations may be worsened to the extent that any such event involves risks for which the Group is uninsured or not fully insured, or which are not currently insurable, such as acts of war and terrorism. It is the Group's policy to procure appropriate insurance cover (such as property damage and business interruption cover), however, the Group cannot give any assurance that the insurance procured by the Group and in place at any particular time will cover all potential risks sufficiently or that the insurers will have the financial ability to pay all claims that may arise. Further, if there are changes in the insurance markets or rises in insurance costs, the Group cannot provide assurance that insurance coverage will continue to be available on terms similar to those presently available to the Group or at all. See "*Business Description of the Group – Insurance*".

Failure in the Group's information and technology systems could result in interruptions of the Group's business operations

The Group's information and technology systems are designed to enable the Group to use its infrastructure resources as effectively as possible and to monitor and control all aspects of its operations. Any failure or breakdown in these systems could interrupt the normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could dramatically impact the Group's ability to offer services to its customers, which could have a material adverse effect on the Group's business and results of operations. For example, the Group depends on certain technologically sophisticated management information systems and other systems, such as its customer billing system, to enable it to conduct its operations. Any significant delays or interruptions in providing services could negatively impact the Group's reputation as an efficient and reliable telecommunications provider.

In addition, the Group relies on third party vendors to supply and maintain much of its information technology. In the event that one or more of the third party vendors that the Group engages to provide support

and upgrades with respect to components of the Group's information technology ceased operations or became otherwise unable or unwilling to meet its needs, the Group cannot assure investors that it would be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could materially adversely affect the Group's business, financial condition and results of operations.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage

The effects of any damage caused by exposure to an electromagnetic field have been and continue to be the subject of careful evaluations by the international scientific community, but to date there is no scientific evidence of harmful effects on health. However, the Group cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets will not be identified as a health risk in the future.

The Group's mobile communications business may be harmed as a result of these alleged health risks. For example, the perception of these health risks could result in a lower number of customers, reduced usage per customer or potential customer liability. In addition, these concerns may cause regulators to impose greater restrictions on the construction of base station towers or other infrastructure, which may hinder the completion of network build-outs and the commercial availability of new services and may require additional investments.

The Group's telecommunications licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal, each of which may result in modification or early termination. In addition, the Group's ability to obtain new licences and permits could adversely affect its business

The Group's licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal and, in some cases, are subject to modification or early termination or may require renewal with the applicable government authorities. See "*Business Description of the Group – Telecommunications Operations – Licences*". While the Group does not expect any of its subsidiaries or associated companies to be required to cease operations at the end of the term of their current business arrangements or licences, there can be no assurance that these business arrangements or licences will be renewed on equivalent satisfactory terms, or at all. Upon termination, the licences and assets of these companies may revert to the local governments or local telecommunications operators, in some cases without any or adequate compensation being paid.

The Group has in the past paid significant amounts for certain of its GSM telecommunications licences and the competition to obtain these licences is increasing. For this reason, the Group anticipates that it may have to pay increasingly substantial licence fees in certain markets, as well as meet specified network build out requirements. There can be no assurance that the Group will be successful in obtaining or funding these licences, or, if licences are awarded, that they can be obtained on terms acceptable to the Group. If the Group obtains or renews further licences, it may need to seek future funding through additional borrowings or equity offerings and there can be no assurance that such funding will be obtained on satisfactory terms, or at all. Failure to obtain financing on satisfactory terms or at all may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be, from time to time, involved in disputes and litigation with regulators, competitors and other parties. The ultimate outcome of such legal proceedings is generally uncertain. When concluded, they may have a material adverse effect on the Group's business, financial condition and results of operations

The Group is subject to numerous risks relating to legal and regulatory proceedings, to which it or any of its subsidiaries are currently a party or which could develop in the future. See "*Business Description of the Group – Litigation*".

The Group's involvement in litigation and regulatory proceedings may adversely affect its reputation. Furthermore, litigation and regulatory proceedings are inherently unpredictable and legal or regulatory

proceedings in which the Group is or comes to be involved (or settlements thereof) may have a material adverse effect on its business, financial condition or results of operations.

Industrial action or adverse labour relations could disrupt the Group's business operations and have an adverse effect on operating results

Certain of the Group's operations are currently and may in the future be subject to collective bargaining, union or similar labour agreements. In addition, the Group's employees benefit from local laws regarding employee rights and benefits. For example, the Group's operations in Indonesia depend on employees who have established a union and signed a collective labour agreement with Indosat. In addition, the Group's Indonesian employees benefit from local laws regarding employee rights and benefits.

If the Group is unable to negotiate acceptable labour agreements or maintain satisfactory employee relations, the results could include work stoppages, strikes or other industrial action or labour difficulties (including higher labour costs) at its facilities, which individually or in the aggregate could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks Relating to Countries in which the Group Operates

The Group operates in locations where there are high security risks, which could result in harm to its employees and contractors or substantial cost being incurred

Some of the Group's subsidiaries operate in high-risk locations, such as Algeria, Indonesia, Iraq, Palestine and Myanmar, where the country or location is suffering from political, social or economic instability, war or civil unrest. In those locations where the Group has employees, assets or operations, those subsidiaries may incur substantial costs to maintain the safety of their personnel and to protect their assets. Despite these precautions, the safety of the Group's personnel in these locations may continue to be at risk. In addition, network maintenance and expansion projects in these areas could be delayed or cancelled due to the need for heightened security for employees and contractors operating in these areas.

There is a risk that an attack in these or other locations by a malicious individual or group on the Group's networks could be successful. This could lead to a loss of confidential customer data or availability of critical systems. The Group's network is also susceptible to interruption due to a physical attack and theft of its network components as the value and market for network components increases (for example, copper, batteries, generators and fuel). This could result in serious damage to the Group's reputation and consequential customer and revenue loss, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to the risks of political, social and economic instability associated with countries and regions in which it operates or may seek to operate

Overview

The Group conducts its business in a number of countries and regions with developing economies, many of which do not have firmly established legal and regulatory systems and some of which from time to time have experienced economic, social or political instability. For example, following its acquisition of Asiacell, Nejdma and Tunisiana in 2007 and Indosat in 2008, the Group now operates in Iraq, Algeria, Tunisia and Indonesia, respectively, each of which has suffered from regional political instability and general social and civil unrest in recent years. In addition, during 2013, Ooredoo was one of the successful bidders for the two 15-year mobile licences made available to foreign operators in Myanmar, a country in which significant political, economic and administrative reforms are being undertaken by the military-backed government. Some of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Group's investments in these countries. Governments in these jurisdictions and countries, as well as in more developed jurisdictions and countries, may be influenced by political or commercial considerations outside of the Group's control, and may act arbitrarily, selectively or unlawfully, including in a manner that benefits the Group's competitors. In addition, the Group may from time to time enter into business relationships with persons subject to European, United States or other international sanctions. By doing so, the Group could experience adverse publicity, which may in turn result in reputational harm in certain jurisdictions.

Specific country risks that may have a material adverse effect on the Group's financial condition and results of operations include, amongst other things:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes;
- arbitrary or inconsistent government action, including capricious application of tax laws and selective tax audits;
- difficulties and delays in obtaining requisite governmental licences, permits or approvals;
- cancellation, nullification or unenforceability of contractual rights; and
- underdeveloped industrial and economic infrastructure.

Changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Group operates, or seeks to operate, could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental legislation;
- customs and immigration;
- foreign ownership restrictions;
- foreign exchange, currency and capital controls; and
- labour and welfare benefit policies.

Uncertainty in Iraq

For the nine months ended 30 September 2013, revenue from Asiacell, the Group's operating company in Iraq, accounted for 20.7 per cent. of the Group's revenue. Iraq has experienced considerable upheaval in the past few years and is in the process of clarifying the roles and developing the capacity of government and regulatory institutions. There is significant uncertainty with respect to the legal and regulatory environment in which Asiacell operates. For example, the Group has still not received confirmation as to whether the level of the Group's ownership interest in Asiacell is in contravention of the licence issued to Asiacell by the CMC. The level and validity of the Group's ownership interest in Asiacell could be subject to challenge and, if such challenge is made, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In accordance with the terms of its licence issued by the CMC, Asiacell's constitutional documents should also contain provisions providing that shareholders are required to notify Asiacell on purchases of more than one per cent. of the share capital of Asiacell and when any shareholder becomes aware of or has reasonable cause to believe that its shareholding consists of shares comprising more than 55.0 per cent. of the share capital of Asiacell. Asiacell's constitutional documents do not contain such provisions and if this situation persists, Asiacell may be subject to fines or such other sanctions as may be imposed by the CMC.

In addition, Asiacell's licence requires that Asiacell pays a regulatory fee of 18.0 per cent. of its gross revenues, reduced to 15.0 per cent. provided that the level of Iraqi participation in Asiacell remains at 51 per cent. or above. Following the Group's increase in its economic interest in Asiacell to 53.9 per cent. in June 2012, Asiacell submitted a letter to the CMC requesting guidance on the regulatory fee payable as a result of this increase. However, Asiacell has not yet received a response from the CMC and, as at the date

of this Base Prospectus, Asiacell has continued to pay a regulatory fee of 15.0 per cent. of its gross revenues, with provision for the additional 3.0 per cent. As a result of Asiacell's initial public offering in February 2013, Ooredoo's economic interest in Asicaell increased to 64.1 per cent. There is no assurance that the CMC will not require Asiacell to pay a regulatory fee of 18.0 per cent. as a result of the Group's increase in its economic interest in Asiacell.

Furthermore, under the terms of Asiacell's licence, Asiacell is required to use the international gateway of the incumbent mobile telecommunications company in Iraq and does not currently do so. There can be no assurance that the Iraqi authorities will not take action against Asiacell or what those actions might be. Future changes and continued uncertainty in Iraq could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Political climate

The MENA, the Asian Subcontinent and Asia Pacific regions have all experienced varying degrees of political instability over the past fifty years. Future armed conflicts or political instability in those regions or in Indonesia could impact the Group's operations. The wider MENA region in particular is subject to a number of geopolitical and security risks and ongoing unrest. Beginning in the first half of 2011, a number of countries in the MENA region, including Tunisia, Egypt, Libya, Bahrain, Kuwait, Lebanon, Yemen and Syria witnessed serious unrest, in some instances leading to civil war, foreign military intervention and a change of government.

As at the date of this Base Prospectus, civil war is ongoing in Syria, giving rise to a risk of contagion, given historic social and political connections between Syria and its neighbours. The Syrian government has recently been subjected to heightened international diplomatic pressure in relation to its conduct during the civil war. The situation in Syria is fluid and the potential exists for it to deteriorate.

There is also a heightened risk of foreign military action against Iran. In recent years, there have been instances of political unrest in Iran, particularly surrounding presidential and parliamentary elections. There is also continuing tension regarding Iran's nuclear programme, which the Iranian government has maintained is limited to developing a civilian nuclear energy programme, but which the United States, the European Union and others publicly suspect is aimed at developing a nuclear weapons capability. This has the potential to give rise to further tension regarding Iran, and possibly to foreign military action against Iran and possible Iranian retaliatory action. Regional risks could also affect investor sentiment in the MENA region as a whole and potentially have a material and adverse effect on the Group's business, financial condition and results of operations.

Furthermore, following the overthrow of the former Iraqi regime in 2003, Iraq was, and continues to be, subject to serious political and security concerns. Geopolitical instability and a poor security environment have historically been among the key risks associated with doing business in Iraq or investing in a company that is based or does substantial business in Iraq. While the security situation in Iraq has generally improved over recent years, significant risks remain which could have a material adverse effect on Asiacell's business, results of operations and financial condition, as well as on Asiacell's network infrastructure in affected areas, which could, in turn, have a material and adverse effect on the Group's business, financial condition and results of operations.

As the political, economic and social environments in certain countries in which the Group has made, or may consider making, investments remain subject to continuing development, investments in such countries are characterised by a significant degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in such countries, or in countries that neighbour such countries, could have a material adverse effect on the investments that the Group has made or may make in the future, which in turn could have a material adverse effect on the Group's financial condition and results of operations.

Risk factors relating to the Certificates

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in the Certificates must be prepared to hold the Certificates for an indefinite period of time or until their maturity. An application has been made for the listing of the Certificates on the Irish Stock Exchange but there can be no assurance that any such listing will occur on or prior to the date of this Base Prospectus or at all, if it does occur, that it will enhance the liquidity of the Certificates.

The Certificates are limited recourse obligations

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of each Series of Certificates is limited to the Trust Assets of that Series and the proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, or early dissolution pursuant to Conditions 11(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*) or 11(c) (*Capital Distributions of the Trust – Dissolution at the Option of Ooredoo*), the sole rights of each of the Trustee, the Delegate and, through the Delegate, the Certificateholders of the relevant Series of Certificates will be against Ooredoo to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will otherwise have no recourse to any assets of the Delegate, Ooredoo, the relevant Dealer, the Trustee (including its directors and service providers), and the Principal Paying Agent or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the relevant Trust Assets. Ooredoo is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Trustee and the Delegate will have direct recourse against Ooredoo to recover payments due to the Trustee from Ooredoo pursuant to the Transaction Documents. In the absence of default by the Delegate, investors have no direct recourse to Ooredoo and there can be no assurance that the proceeds of the realisation of, or enforcement with respect to, the Trust Assets (which, as described above, will be by way of enforcing each of Ooredoo's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the Certificates of the relevant Series. After enforcing the rights in respect of the Trust Assets (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Condition 6(b) (*The Trust – Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Certificates shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have: (i) any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents, and the sole right of the Trustee, the Delegate and the Certificateholders against Ooredoo shall be to enforce the obligation of Ooredoo to perform its obligations under the Transaction Documents to which it is a party.

The Certificates may be subject to early dissolution

In certain circumstances, the Certificates may be subject to early dissolution. If the Optional Dissolution Right is specified as being applicable in the applicable Final Terms, Ooredoo may exercise its option under the Sale Undertaking to procure the Trustee to dissolve the Trust and redeem the Certificates (in whole, but not in part) on the relevant Optional Dissolution Date at the relevant Optional Dissolution Amount (as specified in the applicable Final Terms).

In addition, the Certificates may be redeemed prior to their stated maturity if Ooredoo has or will become obliged to provide funding to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount or the relevant Dissolution Amount by reason of Condition 12 (*Taxation*) and such obligation cannot be avoided by the Trustee or Ooredoo, as applicable taking reasonable measures

available to it. In such circumstances, Ooredoo has the option to require the Trustee to dissolve the Trust and redeem the Certificates prior to their scheduled maturity. Early dissolution in either instance may reduce the return that a Certificateholder would have realised had the Certificates been redeemed at maturity.

An early dissolution feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to or be expected to redeem Certificates, the market value of those Certificates generally will not rise substantially above the relevant Dissolution Amount payable. This also may be true prior to any dissolution period. The Trustee may be expected to redeem the Certificates when Ooredoo's cost of financing is lower than the profit rate (including such additional amounts as are referred to above) on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

Certificates where denominations involve integral multiples: Definitive Certificates

In relation to any issue of Certificates which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Certificates may be traded in amounts that are not integral multiples of such minimum Specified Denomination.

In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a principal amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a Definitive Certificate.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

No third-party guarantees

Investors should be aware that no guarantee is or will be given in relation to the Certificates by the shareholders of the Trustee or any other person.

Risk factors relating to the Series Assets

Increased reliance upon indemnities and specific undertakings by Ooredoo under the Transaction Documents

In order to make the payment of the Periodic Distribution Amounts and the Dissolution Amount to the Certificateholders, the Trustee may be reliant upon indemnities and specific undertakings by Ooredoo under the Transaction Documents. To the extent that: (i) Ooredoo fails to perform some of its obligations under the Transaction Documents in full, (ii) the validity of the sale and transfer of Airtime Vouchers either as between the parties or as against the rights of third parties is not recognised by the Qatar courts, or (iii) Ooredoo (or a liquidator of Ooredoo) disclaims or repudiates any of its obligations under the relevant Transaction Documents to which Ooredoo is a party (including without limitation in respect of its obligations relating to the sale and/or repurchase of the relevant Series Assets), the Trustee will be reliant upon a number of indemnities and specific undertakings granted to the Trustee by Ooredoo. As at the date of this Base Prospectus, however, similar indemnities and undertakings have not been considered by the Qatar courts, and there can be no assurance as to the interpretation that the Qatar courts would apply in such circumstances.

Change of Telecoms Law

It is possible in future that the Telecoms Law could be amended in a manner that could require Ooredoo to cease to finance itself through the airtime structure as a whole. Such an event would constitute a Dissolution Event under the Conditions which would enable the Trustee to exercise its rights under the Purchase Undertaking in accordance with Condition 15 (*Dissolution Events*).

Lack of continued return following failure to make payment of the Exercise Price

If, in relation to a Series, Ooredoo fails to pay the applicable Exercise Price (or any part thereof) on its due date and the sale and purchase pursuant to the Purchase Undertaking of the Trustee's interest, rights, benefits and entitlements in and to the relevant Series Assets does not occur in full on the relevant Dissolution Date, the relevant Distribution Term (as defined in the Master Distribution Agreement) shall be deemed to be extended for successive periods having the same length as the original distribution periods (for that Series) until the earlier of: (i) the date upon which the outstanding amount and all profit which has accrued under the Master Distribution Agreement and/or the terms of the Purchase Undertaking is paid in full by Ooredoo; and (ii) the date upon which there are no more Airtime Vouchers remaining for distribution and sale. If (ii) occurs, then that Series will cease to continue generating profits for the relevant Certificateholders, who would have a claim for the outstanding amount and any accrued but unpaid profit amounts (calculated as of the date on which (ii) occurs). For each Series, Ooredoo (as seller) will sell to the Trustee (as purchaser) the relevant Airtime Vouchers pursuant to the Master Airtime Purchase Agreement and the Supplemental Airtime Purchase Agreement for that Series. See also: *Transaction Documents – Master Airtime Purchase Agreement, as supplemented by each Supplemental Airtime Purchase Agreement*.

Risk factors relating to payments

Credit Risk

The Trustee will fund the redemption amount payable by it in respect of each Series of Certificates with the Exercise Price paid to it by Ooredoo under the Purchase Undertaking, see "*Summary of the Principal Transaction Documents – Purchase Undertaking*". This is also an unsecured obligation of Ooredoo and accordingly investors will also be subject to the full credit risk of Ooredoo in relation to the redemption amounts.

Risk factors relating to taxation

Taxation risks on payments

Payments made by Ooredoo to the Trustee under the Transaction Documents, by the Trustee in respect of the Certificates, or revenues generated by the Series Assets and received by Ooredoo as Distributor, could become subject to withholding or deduction for or on account of taxation. The Master Distribution Agreement and the Purchase Undertaking each require Ooredoo to pay additional amounts in the event that any withholding or deduction is required to be made by Qatari law in respect of payments made by it to the Trustee under those documents. Condition 12 (*Taxation*) provides that the Trustee is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Cayman Islands and/or Qatar in certain circumstances. In the event that the Trustee fails to gross-up for any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, Ooredoo has, pursuant to the Master Declaration of Trust, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 12 (*Taxation*) in respect of any withholding or deduction in respect of any tax as set out in that Condition.

Payments by Ooredoo under the Transaction Documents may be subject to withholding tax in Qatar

The Income Tax Law No.21 of 2009 (the "**Income Tax Law**") and the Executive Regulations of the Income Tax Law issued in June 2011 (the "**Executive Regulations**") provide that any interest payments made to "non-residents" in respect of activities not connected with a permanent establishment in Qatar will be subject to withholding tax. However, the Executive Regulations provide for certain exemptions to such application

of withholding tax and in accordance with Paragraphs 2 and 3 of Article 21(4) of the Executive Regulations, "interest on bonds and securities issued by the State and public authorities, establishments and corporations owned wholly or partly by the State" and "interest on transactions, facilities and loans with banks and financial institutions" shall not be subject to withholding tax. The provisions applicable to interest payments may also apply to profit payments made under Islamic financial instruments (including sukuk and certificates).

The Public Revenues and Taxes Department of the Ministry of Finance has provided to Ooredoo a clarification (the "**Clarification**") that payments made under the Programme (including payments to the Certificateholders) will not be subject to withholding tax. However, confirmations from the Public Revenues and Taxes Department of the Ministry of Finance may not have the force of law in Qatar and it is therefore possible that the Clarification may prove not to have been effective, such that withholding tax is payable on certain payments under the Programme. However, to the extent that the Clarification is proven to have been ineffective, or to the extent that a different official interpretation of the Executive Regulations is taken in the future, or if any law or regulation relating to withholding tax is changed, then, in relation to any then outstanding Certificates, the Trustee may be entitled to redeem the Certificates pursuant to Condition 11(b) (*Capital Distributions of the Trust – Early Dissolution for tax reasons*).

If the State were to divest itself of its ownership of Ooredoo or if Ooredoo were to divest itself of ownership of the Trustee, payments under the transaction documents may also become subject to withholding tax. However, if the State were to divest itself of its ownership of Ooredoo and the Change of Control Put is specified as applicable in the applicable Final Terms, the holder of any Certificate may, in accordance with Condition 11(d) (*Capital Distributions of the Trust – Dissolution at the Option of the Certificateholders (Change of Control Put Option)*), by giving to the Trustee a Change of Control Put Notice within the Change of Control Put Period, redeem the Certificates at the relevant Dissolution Amount, which shall include, for the avoidance of doubt, Periodic Distribution Amounts accrued (if any), to the Periodic Distribution Date immediately following the expiry of the Change of Control Put Period. If Ooredoo were to divest itself of ownership of the Trustee, this would result in an event of default in accordance with Condition 15 (*Dissolution Events*) and a holder of a Certificate may declare such Certificate to be forthwith due and payable at the Dissolution Amount together with all accrued and unpaid Periodic Distribution Amounts.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at a rate of 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that as from January 1, 2015, it will no longer make use of the transitional arrangements and will exchange information automatically under the EU Savings Directive.

A number of non EU countries and territories and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. The Cayman Islands, being an associated or dependent territory, has implemented a process of automatic information exchange. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. The European Council has called for the adoption of the amended EU Savings Directive before the end of 2013. The ECOFIN Council

has also approved a mandate for the European Commission to negotiate amendments to the arrangements under which certain non EU countries and territories have adopted similar measures, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional adviser.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Trustee, nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Certificate as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Trustee will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Payments made on or with respect to the Certificates may be subject to U.S. withholding tax

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the US Internal Revenue Code ("**FATCA**"), the Trustee and financial institutions through which payments on the Certificates are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Certificates made after 31 December 2016. If the parties to the transaction are not in compliance with FATCA, payments on the Certificates may be subject to FATCA withholding.

The Trustee may enter into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information about investors. Under such an agreement, withholding may be triggered if: (a) an investor does not provide information sufficient for the relevant party to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Trustee, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any investor or person through which payment on the Certificates is made is notable to receive payments free of withholding under FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Certificates, the Trustee would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Trustee, a Paying Agent or any other party as a result of the deduction or withholding of such amount. As a result, if FATCA withholding is imposed on these payments, investors may receive less interest or principal than expected.

An investor that is a "foreign financial institution" (as defined under the FATCA rules) that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

The United States is in the process of negotiating intergovernmental agreements to implement FATCA ("**IGAs**") with a number of jurisdictions. Different rules from those described above may apply if the Trustee or an investor is resident in a jurisdiction that has entered into an IGA to implement FATCA.

Investors should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

Risk factors relating to enforcement

Claims for specific enforcement

In the event that Ooredoo fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of Ooredoo's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement, which is a discretionary matter.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by Ooredoo to perform its obligations set out in the Transaction Documents to which it is a party.

Investors may experience difficulty in enforcing arbitration awards and foreign judgments in Qatar

The payments under the Certificates are dependent upon Ooredoo making payments to the Trustee in the manner contemplated under the Transaction Documents. If Ooredoo fails to do so, it may be necessary to bring an action against Ooredoo to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

Each of the Master Declaration of Trust, each Supplemental Declaration of Trust, the Agency Agreement, the Programme Agreement, the Master Airtime Purchase Agreement, each Supplemental Airtime Purchase Agreement, the Master Distribution Agreement, the Purchase Undertaking, the Sale Undertaking, each Sale Agreement entered into in connection with the Purchase Undertaking or the Sale Undertaking, the Airtime Voucher Sale Undertaking and any Additional Airtime Voucher Sale Agreement entered into in connection therewith, and the Certificates are governed by English law (the "**English Law Documents**") and Ooredoo has agreed (where the arbitration arrangements described below are not applied) to submit to the exclusive jurisdiction of the courts of England in respect of any dispute, claim, difference or controversy arising out of or in connection with the English Law Documents, subject to the right of the Delegate, the Certificateholders, the Agents or the Trustee, as the case may be, to elect to bring proceedings in any other court or courts of competent jurisdiction.

There is currently no treaty or convention for the reciprocal enforcement of judgments between Qatar and England. A judgment obtained from a court in England will be enforceable in Qatar subject to the provisions of Articles 379 and 380 of the Civil and Commercial Procedure Law, which provides, in the case of Article 379, that judgments and orders pronounced in a foreign country may be ordered to be executed in Qatar upon the conditions determined in that country for the execution of Qatari judgments and orders and provides, in the case of Article 380, that an order for execution of a foreign judgment or order will not be made unless and until the following have been ascertained, that: (i) the judgment or order was delivered by a competent court of the foreign jurisdiction in question; (ii) the parties to the action were properly served with notice of proceedings and properly represented; (iii) the judgment or order is one that is capable of being executed by the successful party to the proceedings in conformity with the laws of the foreign jurisdiction in question; and (iv) the foreign judgment or order does not conflict with a previous judgment or order of a competent Qatari court and is not contrary to public policy or morality in Qatar. A Qatari court would be entitled to call for textual evidence on the laws of England concerning the conditions that would be applicable for the execution of the judgment of a Qatari court in England and the Qatari court would then be entitled to execute the judgment of the English court upon those conditions. Accordingly, although a judgment obtained from a court in England would be admissible in evidence in any proceedings brought in Qatar to enforce such judgment it would still be necessary to initiate proceedings in Qatar.

Under the Terms and Conditions of the Certificates, the parties have agreed that any dispute arising out of or in connection with the Certificates shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the London Court of International Arbitration, with the Delegate and Certificateholders having the right to require that the courts of England have exclusive jurisdiction to settle the dispute. In the event that proceedings are brought against the Trustee in Qatar, the Qatari courts would, in accordance with their normal practice, enforce the contractual terms of the Certificates (including the contractual choice of a governing law other than Qatari law to govern the Certificates, **provided that**, this would not apply to any provision of that law which Qatari courts held to be contrary to any mandatory provision of Qatari law or to public order or morality in Qatar). Qatari courts have consistently enforced commercial interest obligations computed in accordance with the terms of the relevant agreement.

Pursuant to Decree No. 29 of 2003, Qatar acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral awards of 1958 (the "**New York Convention**"). Accordingly, whenever the New York Convention applies to a foreign arbitral award, that award should be recognised and enforced in compliance with the requirements of the New York Convention. However, enforcement of foreign arbitral awards is underdeveloped in Qatar and largely untested and therefore there can be no assurance that arbitration in connection with the Transaction Documents and/or the Certificates, would protect the interests of the relevant Certificateholders to the same extent as would be expected in certain other jurisdictions.

Additional risks

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

No assurance can be given as to any change of law

The structure of the issue of the Certificates is based on English law, the laws of Qatar and administrative practices in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Qatari law, regulation or administrative practice after the date of this Base Prospectus nor whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates.

Investors must make their own determination as to Shari'a compliance

Members of the HSBC Saudi Arabia Executive Shariah Committee, Dr. Hussein Hamid Hassan, Sharia Advisor to Deutsche Bank AG, London Branch, the *Shari'a* supervisory board of QInvest LLC and the Shariah Supervisory Board of the Islamic Bank of Asia (a subsidiary of DBS Bank Ltd.) have issued a fatwa in respect of the Certificates and the related structure and mechanism described in the Transaction Documents and their compliance with *Shari'a* principles. However, a fatwa is only an expression of the view of the relevant *Shari'a* advisory board based on its experience in the subject and is not a binding opinion. There can be no assurance as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates and neither the Trustee, Ooredoo, the Delegate nor the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradeability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties in the transaction would be, if in dispute, either the subject of arbitration under the arbitration rules of the London Court of International Arbitration or court proceedings under the laws of Qatar or England and Wales. In such circumstances, the arbitrator or judge (as applicable) may first apply the relevant law rather than *Shari'a* principles in determining the obligations of the parties.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form.

Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate. While the Certificates of any Series are represented by the Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates of any Series are represented by the Global Certificate, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in a Global Certificate.

Holders of ownership interests in a Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

European Monetary Union

If Certificates are issued under the Programme which are denominated in the currency of a country which, at the time of issue, is not a member of the European Monetary Union and, before the relevant Certificates are redeemed, the euro becomes the sole currency of that country, a number of consequences may follow including, but not limited to, any or all of the following: (i) all amounts payable in respect of the relevant Certificates may become payable in euro; and (ii) applicable law may allow or require such Certificates to be re-denominated into euro and additional measures to be taken in respect of such Certificates. Any of these or any other consequences could adversely affect the holders of the Certificates.

Exchange rate risks and exchange controls

The Trustee will pay Periodic Distribution Amounts and Dissolution Amounts on the Certificates in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the Dissolution Amount payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Amount on a Certificate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

Consents in relation to the variation of the Transaction Documents and other matters

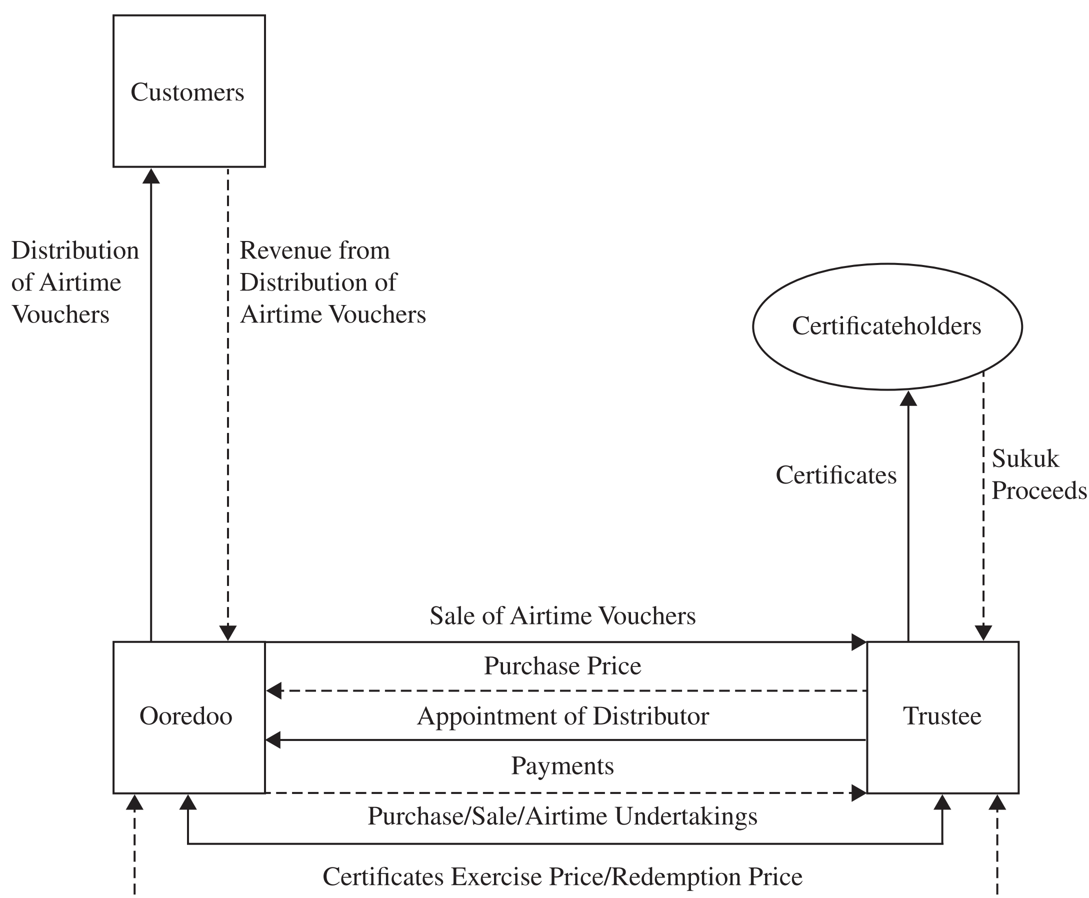
The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Master Declaration of Trust contains provisions preventing the Trustee from amending the Transaction Documents and the Trustee's memorandum and articles of association without the consent of the Delegate and permitting the Delegate, in its absolute discretion, from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to any Transaction Document or the Trustee's memorandum and articles of association if, in the opinion of the Delegate, such modification: (a) is of a formal, minor or technical nature; or (b) is made to correct a manifest error; or (c) is not materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter (as defined in the Master Declaration of Trust). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the Certificateholders and shall in any event be binding upon the Certificateholders.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying the transaction. Potential investors are referred to the terms and conditions of the Certificates and the detailed descriptions of the relevant Transaction Documents and the Corporate Services Agreement set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Sale, Purchase and Distribution of Airtime Vouchers

On the Issue Date of each Series, Ooredoo will, by way of a master airtime purchase agreement (the "**Master Airtime Purchase Agreement**") and a supplemental airtime purchase agreement (each, a "**Supplemental Airtime Purchase Agreement**"), sell to the Trustee all of its interest, rights, benefits and entitlements in and to airtime vouchers (the "**Original Airtime Vouchers**") as identified in the Supplemental Airtime Purchase Agreement, which will constitute the "**Series Assets**" for such Series, in consideration of the payment by the Trustee of the amount specified in the relevant Supplemental Airtime Purchase Agreement (the "**Purchase Price**"). Each Airtime Voucher represents an entitlement to a specified number of minutes of airtime on the Regulated Provider's mobile telecommunications network ("**Airtime Minutes**") and will be purchased for the specified cost price. Airtime Vouchers cannot be redeemed for Airtime Minutes unless sold by a duly licensed provider of mobile telecommunications services in Qatar (including pursuant to the Master Distribution Agreement (as defined below)). In relation to each Series, the Purchase Price paid by the Trustee to purchase a specified quantity of Airtime Vouchers will, on the relevant Issue Date, be an amount equal to the aggregate face amount of that Series.

In respect of each Series, the Trustee will appoint Ooredoo (in such capacity, the "**Distributor**") as the sole and exclusive distributor of the relevant Airtime Vouchers which comprise the Series Assets by way of a master distribution agreement (the "**Master Distribution Agreement**").

A specified number of Airtime Vouchers will be designated for distribution and sale by the Distributor on behalf of the Trustee in respect of each Return Accumulation Period (known as a Distribution Period under the Master Distribution Agreement) for a minimum sale price, which will be sufficient to allow the Trustee to pay the Periodic Distribution Amounts due under the Certificates on each Periodic Distribution Date. The distribution of Airtime Vouchers by the Distributor will be a sale of the Airtime Minutes which any relevant Airtime Vouchers represent.

If less than the specified number of Airtime Vouchers are sold during a Return Accumulation Period (the shortfall being, the "**Surplus Airtime Vouchers**"), Ooredoo will, upon due exercise of the Purchase Undertaking by the Trustee, purchase the Surplus Airtime Vouchers from the Trustee pursuant to the terms of the Purchase Undertaking (as defined below) or, if Airtime Vouchers are sold for less than the minimum agreed price the Distributor will indemnify the Trustee for the shortfall, as the case may be, such that the proceeds of the sale of Airtime Vouchers during each Return Accumulation Period will always be sufficient to pay the relevant Periodic Distribution Amounts due under the Certificates.

Ooredoo will execute the Airtime Voucher Sale Undertaking in favour of the Trustee pursuant to which Ooredoo undertakes, upon due exercise thereof, to sell Additional Airtime Vouchers to the Trustee on each Periodic Distribution Date. The Trustee shall apply amounts standing to the credit of the Reserve Account (as defined in the Distribution Agreement) to purchase such Additional Airtime Vouchers, the effect of which will be that the Value of the Distribution Assets (as defined in the Master Distribution Agreement) is at least equal to the Outstanding Amount.

Redemption of Certificates

Pursuant to a purchase undertaking (the "**Purchase Undertaking**"), Ooredoo will irrevocably grant to the Trustee the following rights:

- on maturity of the relevant Series, or prior thereto following the occurrence of a Dissolution Event, to require Ooredoo to purchase and accept the transfer of all of the Trustee's interest, rights, benefits and entitlements in and to the Airtime Vouchers comprised in the relevant Series Assets. The price payable by Ooredoo upon exercise of the Purchase Undertaking shall be, in relation to a Series, the Certificates Exercise Price (as more particularly described in the Purchase Undertaking) and shall include the sum of: (i) the aggregate face amount of the Certificates then outstanding; and (ii) to the extent not received by the Trustee, all accrued but unpaid Distribution Profit Amounts;

- following the exercise of the Change of Control Put Option by 100 per cent. of the Certificateholders in a Series, to require Ooredoo (upon receipt by Ooredoo of not less than fifteen (15) nor more than thirty (30) days' notice from the Trustee) to purchase and accept the sale and transfer of all of the Trustee's interest, rights, benefits and entitlements in and to the Airtime Vouchers comprised in the relevant Series Assets. The price payable by Ooredoo to the Trustee for such Airtime Vouchers shall be equal to the Certificates Exercise Price; and

- following the exercise of the Change of Control Put Option by less than 100 per cent. of the Certificateholders in a Series, to require Ooredoo (upon receipt by Ooredoo of not less than fifteen (15) nor more than thirty (30) days' notice from the Trustee) to purchase and accept the sale and transfer of a specified number of Airtime Vouchers comprised in the relevant Series Assets with an aggregate value no greater than the aggregate face amount of the Certificates to be redeemed (the "**Change of Control Certificates**"), with such redemption only taking place on a Periodic Distribution Date. The price payable by Ooredoo to the Trustee for such Airtime Vouchers shall be the sum of: (A) an amount equal to the aggregate face amount of the Change of Control Certificates; and (ii) to the extent not received by the Trustee, all accrued but unpaid Distribution Profit Amounts attributable to the Change of Control Certificates (collectively, the "**Redemption Price**").

Pursuant to a Sale Undertaking (the "**Sale Undertaking**"), Ooredoo may, following a Tax Event or, in the event that Ooredoo exercises an Optional Dissolution Right (only if applicable to the relevant Series), exercise its rights under the relevant Sale Undertaking to require the Trustee to sell, transfer and convey all of the Trustee's interest, rights, benefits and entitlements in and to the Airtime Vouchers comprised in the

relevant Series Assets to Ooredoo. The price payable by Ooredoo upon exercise of the Sale Undertaking shall be equal to the Certificates Exercise Price (as more particularly described in the Sale Undertaking) and shall include: (A) the sum of: (i) the aggregate face amount of the Certificates then outstanding; and (ii) to the extent not received by the Trustee, all accrued but unpaid Distribution Profit Amounts; or, if applicable, instead of (A) above, the amount so specified in the applicable Final Terms.

Cancellation of Certificates held by Ooredoo and/or any of its subsidiaries

Ooredoo and/or any of its subsidiaries may at any time purchase Certificates in the open market or otherwise. Should Ooredoo wish to cancel any Certificates so purchased, it will deliver such Certificates to the Principal Paying Agent for cancellation by or on behalf of the Trustee. Ooredoo may also exercise its option under the Sale Undertaking to require the Trustee to transfer to Ooredoo all of its rights, title, interests, benefits and entitlements in and to Airtime Vouchers with an aggregate value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation by or on behalf of the Trustee, the Trustee will transfer those Airtime Vouchers to Ooredoo pursuant to a Sale Agreement.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates which will be incorporated by reference into each Global Certificate and Definitive Certificate, in the case of Definitive Certificates only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Trustee and Ooredoo at the time of issue but, if not so permitted and agreed, each Definitive Certificate will have endorsed thereon or attached thereto such terms and conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Certificate and Definitive Certificate. Reference should be made to "Applicable Final Terms" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Certificates.

Ooredoo Tamweel Limited (in its capacity as issuer and in its capacity as trustee, the "**Trustee**") has established a programme (the "**Programme**") for the issuance of trust certificates (the "**Certificates**" and each a "**Certificate**") in a maximum aggregate face amount of U.S.$2,000,000,000 as may be increased in accordance with the terms of the Programme Agreement (as defined below).

Certificates issued under the Programme are issued in series (each series of Certificates being a "**Series**"). The final terms for a Certificate (or the relevant provisions thereof) are set out in Part A of the applicable Final Terms attached to the relevant Supplemental Declaration of Trust and incorporated or endorsed on a Certificate which supplement these terms and conditions (the "**Conditions**"). References to the "**applicable Final Terms**" are to the final terms (or the relevant provisions thereof) attached to the relevant Supplemental Declaration of Trust and incorporated or endorsed on each Certificate.

Each Certificate will represent an undivided ownership interest in the relevant Trust Assets (as defined below) held on trust by the Trustee (the "**Trust**") for the holders of such Certificates pursuant to: (i) a master declaration of trust (the "**Master Declaration of Trust**") to be dated 22 November 2013 and to be entered into by the Trustee, Ooredoo Q.S.C. ("**Ooredoo**") and BNY Mellon Corporate Trustee Services Limited in its capacity as the Trustee's delegate (the "**Delegate**"); and (ii) a supplemental declaration of trust in respect of the relevant Series (the "**Supplemental Declaration of Trust**") to be entered into by the same parties.

The Certificates of each Series shall form a separate series and these Conditions shall apply *mutatis mutandis* separately and independently to the Certificates of each Series and, in these Conditions, the expressions "**Certificates**", "**Certificateholders**" and related expressions shall be construed accordingly.

In these Conditions, references to "**Certificates**" shall be references to the Certificates (whether in global form as a global Certificate (a "**Global Certificate**") or in definitive form as definitive Certificates (each a "**Definitive Certificate**")) which are the subject of the applicable Final Terms.

These Conditions include summaries of, and are subject to, the detailed provisions of the Master Declaration of Trust as supplemented by each relevant Supplemental Declaration of Trust and the other Transaction Documents (as defined below). Payments relating to the Certificates will be made pursuant to an agency agreement to be dated 22 November 2013 (the "**Agency Agreement**") made between, *inter alios*, the Trustee, the Delegate, Ooredoo and The Bank of New York Mellon, London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the "**Paying Agents**") and calculation agent (together with any further or other calculation agents appointed from time to time in respect of the Certificates, in such capacity, the "**Calculation Agent**") and The Bank of New York Mellon (Luxembourg) S.A. as transfer agent (together with any further or other transfer agents appointed from time to time in respect of the Certificates, in such capacity, the "**Transfer Agent**") and as registrar (in such capacity, the "**Registrar**"). The Paying Agents, the Calculation Agent, the Registrar and the Transfer Agent are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors.

The Certificateholders of a Series are entitled to the benefit of, are bound by, and are deemed to have notice of the following documents, copies of which are available for inspection during usual business hours at the principal office of the Trustee (presently at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands) and at the specified offices of the Paying Agents:

(a) a master airtime purchase agreement between the Trustee (in its capacity as purchaser) and Ooredoo (in its capacity as seller) dated on or about the date of this Base Prospectus (the "**Master Airtime Purchase Agreement**");

(b) in respect of each Series, a supplemental airtime purchase agreement between the Trustee (in its capacity as purchaser) and Ooredoo (in its capacity as seller) entered into on the relevant Issue Date (the "**Supplemental Airtime Purchase Agreement**"), having the details set out in the applicable Final Terms;

(c) a master distribution agreement between the Trustee (in its capacity as Trustee) and Ooredoo (in its capacity as distributor) dated on or about the date of this Base Prospectus (the "**Master Distribution Agreement**") in respect of each Series;

(d) a purchase undertaking executed by Ooredoo in favour of the Trustee and the Delegate dated on or about the date of this Base Prospectus (the "**Purchase Undertaking**"), containing the form of Sale Agreement to be entered into by Ooredoo and the Trustee in the circumstances set out in the Purchase Undertaking;

(e) a sale undertaking executed by the Trustee in favour of Ooredoo dated on or about the date of this Base Prospectus (the "**Sale Undertaking**"), containing the form of Sale Agreement to be entered into by Ooredoo and the Trustee in the circumstances set out in the Sale Undertaking;

(f) an airtime voucher sale undertaking executed by Ooredoo in favour of the Trustee and the Delegate dated on or about the date of this Base Prospectus (the "**Airtime Voucher Sale Undertaking**"), containing the form of Additional Airtime Voucher Sale Agreement to be entered into by Ooredoo and the Trustee in the circumstances set out in the Airtime Voucher Sale Undertaking;

(g) the Master Declaration of Trust;

(h) in respect of each Series, a Supplemental Declaration of Trust;

(i) the Agency Agreement; and

(j) in respect of each Series, the applicable Final Terms,

as each may be amended and restated and/or supplemented from time to time.

Each Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed, in respect of each Series, to authorise and direct the Trustee on behalf of the Certificateholders: (a) to apply the proceeds of the issuance to purchase from Ooredoo, by way of the Master Airtime Purchase Agreement and the Supplemental Airtime Purchase Agreement for the relevant Series, all of Ooredoo's interests, rights, benefits and entitlements in and to the Original Airtime Vouchers identified in the relevant Supplemental Airtime Purchase Agreement; (b) to supply to Ooredoo such assets, by way of the Master Distribution Agreement for the relevant Series; and (c) to enter into each other Transaction Document to which it is a party, subject to the terms and conditions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and these Conditions.

1. INTERPRETATION

In these Conditions the following expressions have the following meanings:

"**Accountholder**" means each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as entitled to a particular face amount of the Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error);

"**Accrual Period**" has the meaning given to it in Condition 8(c) (*Fixed Periodic Distribution Provisions – Determination of Periodic Distribution Amount*);

"**Additional Airtime Vouchers**" means, in relation to a particular Series, Airtime Vouchers sold to the Trustee by Ooredoo upon the exercise of the Airtime Voucher Sale Undertaking;

"**Additional Airtime Voucher Sale Agreement**" means any additional airtime voucher sale agreement entered into in connection with the Airtime Voucher Sale Undertaking;

"**Additional Business Centre**" has the meaning given to it in the applicable Final Terms;

"**Airtime Minutes**" means minutes of airtime on the Regulated Provider's mobile telecommunications network;

"**Airtime Vouchers**" means a voucher:

(a) representing an entitlement to a specified number of Airtime Minutes; and

(b) attributed with a Voucher Cost Price and such other details as are specified in the relevant Sale Agreement, Additional Airtime Voucher Sale Agreement, Supplemental Airtime Purchase Agreement and/or in any such voucher; but

(c) which cannot be redeemed for Airtime Minutes unless it is sold by Ooredoo (or, as applicable, the relevant Regulated Provider);

"**Broken Amount**" has the meaning given to it in the applicable Final Terms;

"**Business Day**" has the meaning given to it in Condition 9(b) (*Floating Periodic Distribution Provisions – Periodic Distribution Amount*);

"**Business Day Convention**", in relation to any particular date, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**Floating Rate Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided**, **however**, **that**:

   (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

   (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

   (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;

(e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Amount**" has the meaning given to it in the applicable Final Terms;

"**Certificates Exercise Price**" has the meaning given to it in the Purchase Undertaking and Sale Undertaking and as specified in the relevant Exercise Notice delivered pursuant to the Purchase Undertaking or Sale Undertaking (as applicable);

"**Certificateholder**" means a person in whose name a Certificate is registered in the Register (or in the case of joint holders, the first named thereof) save that, for so long as the Certificates of any Series are represented by a Global Certificate, each Accountholder shall be deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, for the purposes hereof other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Trustee, solely in the registered holder of such Global Certificate in accordance with and subject to the terms of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and such Global Certificates, and the expressions "**holder**" and "**holder of Certificates**" and related expressions shall (where appropriate) be construed accordingly;

"**Change of Control Amount**" shall mean, in relation to each Certificate to be redeemed pursuant to Condition 11(d)(i) (Capital Distributions of the Trust – Dissolution at the Option of the Certificateholders (Change of Control Put Option)), an amount equal to the face amount of such Certificate, together with any due but unpaid Periodic Distribution Amount;

a "**Change of Control Event**" shall occur if the State of Qatar either ceases to have direct or indirect ownership of at least 50.1 per cent. of the issued share capital of Ooredoo or ceases to have direct or indirect ownership of such amount of shares in the capital of Ooredoo as carry at least 50.1 per cent. of the voting rights normally exercisable at a general assembly (or general meeting) of Ooredoo;

"**Change of Control Put Option**" means the put option described in Condition 11(d) (*Capital Distribution of the Trust – Dissolution at the Option of the Certificateholders (Change of Control Put Option)*);

"**Change of Control Put Option Date**" shall be the Periodic Distribution Date immediately following the expiry of the Change of Control Put Period;

"**Change of Control Put Period**" shall be the period of 30 days commencing on the date that a Change of Control Notice is given;

"**Clearstream, Luxembourg**" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"**Day Count Fraction**" has the meaning given to it in Condition 8(c) (*Fixed Periodic Distribution Provisions – Determination of Periodic Distribution Amount*) (if the Fixed Periodic Distribution provisions are applicable) or Condition 9(e) (*Floating Periodic Distribution Provisions – Calculation of Periodic Distribution Amount*) if the Floating Periodic Distribution Provisions are applicable);

"**Delegation**" has the meaning given to it in Condition 20 (*The Delegate*);

"**Determination Date**" has the meaning specified in the applicable Final Terms;

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

"**Dispute**" has the meaning given to it in Condition 22 (*Governing Law and Arbitration*);

"**Dissolution Amount**" means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax) or the Optional Dissolution Amount;

"**Dissolution Date**" means, in relation to a particular Series, either:

(a) the Scheduled Dissolution Date;

(b) the Tax Redemption Date;

(c) if an Optional Dissolution Right is applicable to the relevant Series, the Optional Dissolution Date (which must also be a Periodic Distribution Date);

(d) the date on which all of the Certificates are redeemed following the exercise of the Change of Control Put Option;

(e) the date on which all of the Certificates are cancelled following the purchase of such Certificates by or on behalf of Ooredoo and or any of its subsidiaries pursuant to Condition 14(a) (*Purchase and Cancellation of Certificates – Purchases*); or

(f) the Dissolution Event Redemption Date;

"**Dissolution Event**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Dissolution Request**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Distributor**" has the meaning given to it in Condition 6(a) (*Trust – Summary of the Trust*);

"**Early Dissolution Amount (Tax)**" means, in respect of any Series, the amount specified in the applicable Final Terms;

"**Euroclear**" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"**Exercise Notice**" means (as the context requires) an exercise notice delivered or to be delivered in connection with the Purchase Undertaking or Sale Undertaking;

"**Extraordinary Resolution**" has the meaning given to it in schedule 4 (*Provisions for Meetings of Certificateholders*) to the Master Declaration of Trust;

"**Final Dissolution Amount**" has the meaning given to it in the applicable Final Terms;

"**First Periodic Distribution Date**" has the meaning given to it in the applicable Final Terms;

"**Fitch**" means Fitch Ratings Ltd.;

"**Fixed Amount**" has the meaning given to it in the applicable Final Terms;

"**Fixed Periodic Distribution Provisions**" has the meaning given to it in Condition 8(a) (*Fixed Periodic Distribution Provisions – Application*);

"**Floating Periodic Distribution Provisions**" has the meaning given to it in Condition 9(a) (*Floating Periodic Distribution Provisions – Application*);

"**Issue Date**" has the meaning given to it in the applicable Final Terms;

"**Issue Price**" has the meaning given to it in the applicable Final Terms;

"**Liability**" means, in respect of any person, any actual loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability whatsoever and including any value added tax or similar tax charged or chargeable in respect of any sums referred to in this definition and legal or other fees and expenses on a full indemnity basis and references to "**Liabilities**" shall mean all of these;

"**Margin**" has the meaning given to it in the applicable Final Terms;

"**Moody's**" means Moody's Investors Service Ltd;

"**Ooredoo Event**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Optional Dissolution Amount**" means, in respect of any Series, the amount specified in the applicable Final Terms;

"**Optional Dissolution Date**" means, in relation to the exercise of an Optional Dissolution Right, the date specified as such in the Exercise Notice delivered by Ooredoo to the Trustee, which:

(a) must be a Periodic Distribution Date; and

(b) must be not less than 15 nor more than 30 days after the date on which the Exercise Notice is delivered to the Trustee;

"**Optional Dissolution Right**" means the right specified in Condition 11(c) (*Capital Distributions of the Trust – Dissolution at the Option of Ooredoo*);

"**Original Airtime Vouchers**" means, in relation to a particular Series, Airtime Vouchers sold to the Trustee by Ooredoo on the Issue Date of that Series pursuant to the Supplemental Airtime Purchase Agreement;

"**Outstanding Amount**" means, in relation to a particular Series and at any given time, the aggregate face amount of the Certificates outstanding at that time;

"**Payment Business Day**" means a day on which banks in the relevant place of surrender of any Certificate settle payments and are open for presentation and payment of registered securities and for dealings in foreign currencies; and in the case of payment by transfer to an account, if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre; or if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Business Centre;

"**Periodic Distribution Amount**" has the meaning given to it in Condition 8(b) (*Fixed Periodic Distribution Provisions – Periodic Distribution Amount*) or Condition 9(b) (*Floating Periodic Distribution Provisions – Periodic Distribution Amount*), as specified in the applicable Final Terms;

"**Periodic Distribution Date**" has the meaning given to it: (i) if Fixed Periodic Distribution Provisions are applicable, in the applicable Final Terms; and (ii) if Floating Periodic Distribution Provisions are applicable, in Condition 9(b) (*Floating Periodic Distribution Provisions – Periodic Distribution Amount*);

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Proceedings**" has the meaning given to it in Condition 22 (*Governing Law and Arbitration*);

"**Programme Agreement**" means the programme agreement between the Trustee, Ooredoo and the Dealers named therein dated the date of the Master Declaration of Trust;

"**Rate**" means, in relation to a particular Series, the rate or rates (expressed as a per cent. per annum) specified in the applicable Final Terms for such Series and calculated or determined in accordance with these Conditions and/or the applicable Final Terms;

"**Rating Agency**" means any of the following: (i) Fitch (ii) S&P; (iii) Moody's; or (iv) any other rating agency of equivalent international standing specified from time to time by Ooredoo and, in each case, their respective successors or affiliates;

"**Record Date**" has the meaning given to it in Condition 10(a) (*Payment – Payments in respect of Certificates*);

"**Reference Banks**" means the principal London office of each of four major banks engaged in the London inter-bank market selected by or on behalf of the Calculation Agent (in consultation with Ooredoo), **provided that** once a Reference Bank has first been selected by the Calculation Agent or its duly appointed representative, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

"**Reference Rate**" means, either LIBOR or EURIBOR as set out in the applicable Final Terms;

"**Register**" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"**Regular Period**" means:

(a) in the case of Certificates where Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including the Return Accrual Commencement Date to but excluding the first Periodic Distribution Date and each successive period from and including one Periodic Distribution Date to but excluding the next Periodic Distribution Date;

(b) in the case of Certificates where, apart from the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Periodic Distribution Date falls; and

(c) in the case of Certificates where, apart from one Return Accumulation Period other than the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Periodic Distribution Date falls other than the Periodic Distribution Date falling at the end of the irregular Return Accumulation Period;

"**Regulated Provider**" means, as applicable:

(a) Ooredoo; or

(b) at the relevant time, the transferee following any transfer by Ooredoo (or prior transfer) of the Ooredoo Qatari telecommunications licence, or the holder of a Qatari telecommunications licence following any award of a Qatari telecommunications licence;

"**Relevant Date**" has the meaning given to it in Condition 12 (*Taxation*);

"**Relevant Jurisdiction**" has the meaning given to it in Condition 12 (*Taxation*);

"**Relevant Powers**" has the meaning given to it in Condition 20 (*The Delegate*);

"**Relevant Screen Page**" has the meaning given to it in the applicable Final Terms;

"**Relevant Time**" has the meaning given to it in the applicable Final Terms;

"**Reserved Matter**" has the meaning given to it in Schedule 4 (*Provisions for Meetings of Certificateholders*) of the Master Declaration of Trust;

"**Return Accrual Commencement Date**" has the meaning given to it in the applicable Final Terms;

"**Return Accumulation Period**" means the period from (and including) a Periodic Distribution Date (or, in the case of the first Return Accumulation Period, the Issue Date) to (but excluding) the next (or, in the case of the first Return Accumulation Period, the first) Periodic Distribution Date;

"**Rules**" has the meaning given to it in Condition 22 (*Governing Law and Arbitration*);

"**S&P**" means Standard & Poor's Credit Services Europe Limited;

"**Sale Agreement**" means any sale agreement entered into in connection with the Purchase Undertaking, or, as the case may be, Sale Undertaking;

"**Scheduled Dissolution Date**" means, in respect of each Series, the date specified as such in the applicable Final Terms;

"**Security Interest**" has the meaning given to it in Condition 5 (*Negative Pledge*);

"**Series Assets**" means, in relation to a particular Series and at any given time, the Airtime Vouchers owned by the Trustee in connection with such Series;

"**Specified Currency**" has the meaning given to it in the applicable Final Terms;

"**Specified Denomination(s)**" has the meaning given to it in the applicable Final Terms;

"**Specified Period**" has the meaning given to it in the applicable Final Terms;

"**Specified Periodic Distribution Date**" has the meaning given to it in the applicable Final Terms;

"**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent;

"**Subsidiary**" means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and "**control**" for the purposes of this definition means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET or TARGET 2) is open;

"**Tax Event**" has the meaning given to it in Condition 11(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*);

"**Tax Redemption Date**" means the date specified as such in the Exercise Notice delivered by Ooredoo to the Trustee which:

(a) if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, must be a Periodic Distribution Date; and

(b) must be not less than 30 nor more than 60 days after the date on which the Exercise Notice is delivered to the Trustee.

"**Taxes**" has the meaning given to it in Condition 12 (*Taxation*);

"**Transaction Account**" has the meaning given to it in Condition 6(a) (*Trust – Summary of the Trust*);

"**Transaction Documents**" means, in relation to each Series, the Master Airtime Purchase Agreement; each Supplemental Airtime Purchase Agreement; the Master Distribution Agreement; the Purchase Undertaking; the Sale Undertaking; the Airtime Voucher Sale Undertaking; the Master Declaration of Trust; each Supplemental Declaration of Trust; the Agency Agreement; any Sale Agreement; any Additional Airtime Voucher Sale Agreement; and the relevant Certificates;

"**Trust Assets**" has the meaning given to it in Condition 6(a) (*Trust – Summary of the Trust*); and

"**Trustee Administrator**" means MaplesFS Limited.

All references in these Conditions to "**U.S.$**" and "**$**" are to the lawful currency of the United States of America. All references to "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended.

2. FORM, DENOMINATION AND TITLE

(a) ***Form and Denomination***

The Certificates are issued in registered form in the Specified Denomination(s). A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant

Certificate and in the register of Certificateholders (the "**Register**") which the Trustee will cause to be kept by the Registrar outside the Cayman Islands and the United Kingdom in accordance with the provisions of the Agency Agreement.

Upon issue, Certificates will be represented by beneficial interests in one or more Global Certificates, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Ownership interests in Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants.

References to Euroclear and Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

(b) ***Title***

Title to the Certificates passes only by registration in the Register. Subject to the terms of any relevant Global Certificate and/or the definition of "**Certificateholders**", the registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

The Trustee and the Delegate may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Certificateholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Certificates credited to his or her securities account.

3. TRANSFERS OF CERTIFICATES

(a) ***Transfers***

Subject to Condition 3(d) (*Transfers of Certificates – Closed Periods*), Condition 3(e) (*Transfers of Certificates – Regulations*), the limitations as to transfer set out in Condition 2(b) (*Form, Denomination and Title – Title*) and the provisions of the Agency Agreement, a Certificate may be transferred whole or in an amount equal to the Specified Denomination(s) or any integral multiple thereof by depositing the Certificate, with the form of transfer on the back, duly completed and signed, at the specified office of the Transfer Agent together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer.

Transfers of interests in the Certificates represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

(b) ***Delivery of New Certificates***

Each new Certificate to be issued upon any transfer of Certificates will, within three (3) business days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Certificate to the address specified in the form of transfer. For the purposes of this Condition 3 (*Transfers of Certificates – Delivery of New Certificates*), "**business day**" shall mean a day on which banks are

open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Certificates in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Certificates not so transferred will, within five (5) business days of receipt by the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

Except in the limited circumstances described in each Global Certificate, owners of interests in a Global Certificate will not be entitled to receive physical delivery of Certificates.

(c) ***Formalities Free of Charge***

Registration of any transfer of Certificates will be effected without charge on behalf of the Trustee by the Registrar or the Transfer Agent but upon payment (or the giving of such indemnity as the Trustee, Registrar or Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

(d) ***Closed Periods***

No Certificateholder may require the transfer of a Certificate to be registered during the period of fifteen (15) days ending on (and including) the due date for any payment of the Dissolution Amount or any Periodic Distribution Amount (as defined in Condition 8(b) (*Fixed Periodic Distribution Provisions – Periodic Distribution Amount*) or Condition 9(b) (*Floating Periodic Distribution Provisions – Periodic Distribution Amount*), as specified in the applicable Final Terms) or any other date on which payment of the face amount or payment of any profit in respect of a Certificate falls due as specified in the applicable Final Terms.

(e) ***Regulations***

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Master Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

Unless otherwise requested by him, each Certificateholder shall be entitled to receive, in accordance with Condition 2(b) (*Form, Denomination and Title – Title*), only one Certificate in respect of his or her entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3(b) (*Transfers of Certificates – Delivery of New Certificates*).

4. STATUS AND LIMITED RECOURSE

(a) ***Status***

Each Certificate will represent an undivided ownership interest in the relevant Trust Assets (pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Certificate will rank *pari passu*, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.

(b) ***Limited Recourse***

The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The Certificates do not represent an interest in or obligation of any of the Trustee (other than in respect of the relevant Trust Assets), the Delegate, Ooredoo (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party) or any of their respective affiliates. Accordingly, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that

they will have no recourse to any assets of the Trustee (and/or its directors, officers, administrators or shareholders) or Ooredoo (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) or the Delegate or any of their respective affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been enforced, realised and fully discharged in accordance with the Transaction Documents following which all obligations of the Trustee, the Delegate, Ooredoo or their respective affiliates shall be extinguished.

Ooredoo is obliged to make payments under the relevant Transaction Documents to which it is a party directly to the Trustee, the Delegate (on its own behalf or acting in the name and on behalf of the Trustee) and/or the Agents. The payment obligations of Ooredoo under the Transaction Documents rank *pari passu*, without preference or priority, with the claims of all other unsecured and unsubordinated creditors of Ooredoo. The Delegate will, as delegate of the Trustee for the Certificateholders, have direct recourse against Ooredoo to recover payments due to the Trustee from Ooredoo pursuant to such Transaction Documents. Neither the Trustee nor the Delegate shall be liable for the late, partial or non-recovery of any such payments from Ooredoo save in the case of its wilful default, actual fraud or gross negligence.

The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 16 (*Enforcement and Exercise of Rights*), Certificateholders will not have any claim against the Trustee (and/or its directors, officers or shareholders), Ooredoo (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a part), the Delegate, the Agents or any of their respective affiliates, or against any of their respective assets (other than the relevant Trust Assets) in respect of such shortfall and any unsatisfied claims of the Certificateholders shall be extinguished. In particular, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Trustee (and/or its directors), Ooredoo (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

(c) ***Agreement of Certificateholders***

By purchasing Certificates, each Certificateholder is deemed to have agreed that, notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(i) no payment of any amount whatsoever shall be made by any of the Trustee, the Delegate (acting in the name and on behalf of the Trustee) or any of their respective agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets;

(ii) no recourse shall be had for the payment of any amount owing hereunder or under any relevant Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (and/or its directors, officers, administrators or shareholders), Ooredoo (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, any Agent or any of their respective agents or affiliates to the extent the relevant Trust Assets have been exhausted following which all obligations of the Trustee, the Delegate, Ooredoo, any Agents and their respective agents or affiliates shall be extinguished;

(iii) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, each Certificateholder will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law;

(iv) no recourse under any obligation, covenant or agreement contained in any Transaction Document shall be had against any shareholder, member, officer, agent or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under the Transaction Documents to which it is a party are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee save in the case of their wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

(v) each Certificateholder shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificate. No collateral is or will be given for the payment obligations under the Certificates.

5. NEGATIVE PLEDGE

Ooredoo undertakes in the Purchase Undertaking that, so long as any Certificate remains outstanding, Ooredoo shall not, and shall procure that no Material Subsidiary will create or have outstanding any mortgage, charge, lien, pledge or other security interest (each, a "**Security Interest**"), other than a Permitted Security Interest, upon or with respect to any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness without at the same time or prior thereto according to the Certificates the same security as is created or subsisting to secure any such Relevant Indebtedness or such other security as shall be approved by an Extraordinary Resolution of Certificateholders.

In the Conditions, the following expressions shall have the following meanings:

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any amount raised under a transaction carried out in compliance with Shari'a principles;

(i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in subparagraphs (a) to (h) (inclusive) above.

"**Infrastructure Sharing Arrangement**" means an arrangement entered into by Ooredoo or any Material Subsidiary for the sale and leaseback of any assets used in the operation of its business.

"**Material Subsidiary**" means, at any time, any Subsidiary of Ooredoo (other than a Project Financed Entity) whose net assets are more than 5 per cent. of the consolidated net assets of Ooredoo. For the purposes of this definition, the assets of the relevant Subsidiary will be determined from its latest audited financial statements. If there is a dispute as to whether or not a company is a Material Subsidiary, a certificate of the auditors of the company will be, in the absence of manifest error, conclusive.

"**Non-recourse Project, Securitisation or Asset Financing**" means any securitisation (Islamic or otherwise) of existing or future assets, or the financing of all or part of the costs of the acquisition, construction or development of any project or asset, provided that: (i) any Security Interest given by Ooredoo or any Material Subsidiary is limited solely to assets of the securitisation, the project or to the value of the asset (as applicable); (ii) the person or persons participating in such securitisation or providing such financing expressly agrees or agree to limit their recourse to the project or asset (as applicable) so securitised or financed and the revenues derived from such project or asset (as applicable) as the principal source of repayment for the moneys advanced; and (iii) there is no other recourse to Ooredoo or a Material Subsidiary in respect of any default by any person under the securitisation or financing.

"**Permitted Security Interest**" means:

(a) any Security Interest existing on the date on which agreement is reached to issue a Series of Certificates;

(b) any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of a person and/or its subsidiaries existing at the time that such person is merged into or consolidated with Ooredoo or any Subsidiary of Ooredoo, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of Ooredoo or any Subsidiary of Ooredoo;

(c) any Security Interest existing on any property or assets prior to the acquisition thereof by Ooredoo or any Subsidiary of Ooredoo and not created in contemplation of such acquisition;

(d) any Security Interest created pursuant to a *Shari'a* compliant financing;

(e) any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of a person and/or its subsidiaries created in connection with any Non-recourse Project, Securitisation or Asset Financing;

(f) any netting or set-off arrangement entered into by Ooredoo or any Material Subsidiary in the ordinary course of its banking arrangements including, but not limited to, any cash management and hedging activities;

(g) any lien arising by operation of law and in the ordinary course of trading;

(h) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to Ooredoo or any Material Subsidiary in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by Ooredoo or the relevant Material Subsidiary (as applicable);

(i) any Security Interest created in connection with any Infrastructure Sharing Arrangement; or

(j) any renewal of or substitution for any Security Interest permitted by any of the preceding subparagraphs (a) to (i) (inclusive), provided that, with respect to any such Security Interest incurred pursuant to this subparagraph (j), the principal amount secured has not increased and the Security Interest has not been extended to any additional property (other than the proceeds of such property),

in each case, provided that the amount of any Relevant Indebtedness secured by any such Security Interest (either alone or when aggregated with the amount of Relevant Indebtedness secured by the other Security Interests permitted pursuant to subparagraphs (a) to (j) (inclusive) above) does not exceed 30 per cent. of the

book value of the consolidated total assets of Ooredoo and its consolidated Subsidiaries, as shown in the most recent audited consolidated financial statements of Ooredoo and its consolidated Subsidiaries.

"**Project Financed Entity**" means any Subsidiary or joint venture (to the extent consolidated) of Ooredoo which has incurred Project Finance Indebtedness and no other Financial Indebtedness, provided that a Project Financed Entity shall not include any Subsidiary or joint venture (to the extent consolidated) of Ooredoo with commercial operations (including commercial operations through a subsidiary) in Indonesia, Kuwait, Oman or Qatar. For the purposes of this definition, a Project Financed Entity shall cease to be a Project Financed Entity (and may not be redesignated a Project Financed Entity) at such time as: (i) it incurs any Financial Indebtedness other than Project Finance Indebtedness; (ii) it has no Project Finance Indebtedness outstanding, or (iii) Ooredoo determines that such Project Finance Entity is no longer a Project Finance Entity.

"**Project Finance Indebtedness**" means any Financial Indebtedness incurred by a Subsidiary or joint venture (to the extent consolidated) of Ooredoo to finance the ownership, acquisition, construction, development and/or operation of assets (or any refinancing thereof) to the extent to which the person or persons to whom such Financial Indebtedness is, or may be, owed have no recourse whatsoever for the repayment of or payment of such Financial Indebtedness, other than:

(a) recourse to that Subsidiary or joint venture (to the extent consolidated) for amounts limited to the aggregate cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such assets; and/or

(b) recourse to that Subsidiary or joint venture (to the extent consolidated), which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the person against whom such recourse is available; and/or

(c) if that Subsidiary or joint venture (to the extent consolidated) has been established specifically for the purpose of constructing, developing, owning and/or operating the relevant asset or that Subsidiary or joint venture (to the extent consolidated) has been established specifically for the purpose of constructing, developing, owning and/or operating a specific asset and the relevant asset, construction or development is to further develop or equip that asset and that Subsidiary or joint venture (to the extent consolidated) owns no other significant assets and carries on no other business, recourse to all of the assets and undertaking of that Subsidiary or joint venture (to the extent consolidated) and the shares in the capital of that Subsidiary or joint venture (to the extent consolidated); and/or

(d) any guarantee given by any Subsidiary or joint venture (to the extent consolidated) of Ooredoo for Project Finance Indebtedness, provided that the recourse to that Subsidiary or joint venture (to the extent consolidated) under that guarantee is limited to its shares in a Subsidiary or joint venture (to the extent consolidated) of Ooredoo referred to in subparagraph (c).

"**Relevant Indebtedness**" means: (i) any present or future Financial Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (including trust certificates) which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market; and (ii) any guarantee or indemnity in respect of any such indebtedness.

6. TRUST

(a) ***Summary of the Trust***

Pursuant to the Master Airtime Purchase Agreement as supplemented by the relevant Supplemental Airtime Purchase Agreement for each Series, Ooredoo will sell, transfer and convey to the Trustee all

of Ooredoo's interest, rights, benefits and entitlement in the Original Airtime Vouchers (as specified in each Supplemental Airtime Purchase Agreement).

Pursuant to the Master Distribution Agreement, for each Series, the Trustee will appoint Ooredoo (in such capacity, the "**Distributor**") as a sole and exclusive distributor to sell Airtime Vouchers (which represent Airtime Minutes) to end customers. The Distributor will pay the agreed payments in respect of the relevant Airtime Vouchers in such amounts as are equal to the relevant Periodic Distribution Amounts due in respect of the relevant Series on each relevant Periodic Distribution Date.

If, upon dissolution of the Trust in respect of a Series (in whole or in part) in accordance with Condition 11 (*Capital Distributions of the Trust*), the relevant Dissolution Amount is improperly withheld or refused, the Master Distribution Agreement shall be deemed to be extended for a period from and including the date on which the Dissolution Amount was due to but excluding the date on which the Dissolution Amount is paid in full in accordance with the terms of the Purchase Undertaking and the Master Distribution Agreement. In such circumstances, the Trustee shall be entitled to receive additional income in respect of such period until the earlier of: (i) Ooredoo paying such outstanding amounts in full; and (ii) there being no more Airtime Vouchers remaining.

Ooredoo will execute the Purchase Undertaking in favour of the Trustee and the Delegate pursuant to which Ooredoo undertakes, following receipt of an Exercise Notice from the Trustee thereunder, to purchase all of the Trustee's rights, benefits, interests and entitlements in and to the relevant Series Assets on the relevant Scheduled Dissolution Date or on the Dissolution Event Redemption Date, in each case at the Dissolution Amount, together with all accrued and unpaid Periodic Distribution Amounts.

Under the Purchase Undertaking, Ooredoo will grant to the Trustee the right, following the exercise of the Change of Control Put Option:

(i) by 100 per cent. of the Certificateholders in a Series, to require Ooredoo to purchase and accept all of the Trustee's, rights, benefits, interests and entitlements in and to the relevant Series Assets on the relevant Change of Control Put Date at the Final Dissolution Amount, together with all accrued and unpaid Periodic Distribution Amounts; and

(ii) by less than 100 per cent. of the Certificateholders in a Series, to require Ooredoo to purchase and accept all of the Trustee's, rights, benefits, interests and entitlements in and to a specified number of Airtime Vouchers, **provided that**: (i) the price payable by Ooredoo shall be an amount equal to the Redemption Price (as defined in the Purchase Undertaking); and (ii) Ooredoo certifies that the value of the part of the Series Assets retained is not less than the aggregate face amount of the Certificates outstanding immediately after the Redemption Date (as defined in the Purchase Undertaking).

The Trustee will execute the Sale Undertaking in favour of Ooredoo pursuant to which the Trustee undertakes, following receipt of an Exercise Notice from Ooredoo thereunder, to sell all of the Trustee's rights, benefits, interests and entitlements in and to the relevant Series Assets on the Optional Dissolution Date (if applicable) or the Tax Redemption Date, at the Optional Dissolution Amount or the Early Dissolution Amount (Tax), respectively.

In the event that Ooredoo wishes to cancel any Certificates purchased by Ooredoo and/or any of its subsidiaries, Ooredoo may also exercise its option under the Sale Undertaking to require the Trustee to transfer to Ooredoo all of its rights, title, interests, benefits and entitlements in and to Airtime Vouchers with an aggregate value no greater than the aggregate face amount of the Certificates delivered to the Principal Paying Agent for cancellation.

Ooredoo will execute the Airtime Voucher Sale Undertaking in favour of the Trustee pursuant to which Ooredoo undertakes, upon due exercise, to sell Additional Airtime Vouchers to the Trustee on each Periodic Distribution Date. The Trustee shall apply amounts standing to the credit of the Reserve Account (as defined in the Master Distribution Agreement) to purchase such Additional Airtime

Vouchers, the effect of which will be that, in accordance with the terms of the Master Distribution Agreement, the Value of the Series Assets is at least equal to the Outstanding Amount.

For each Series, the Trustee will establish a transaction account (the "**Transaction Account**") in the name of the Trustee with the Principal Paying Agent into which: (i) Ooredoo will deposit all amounts due to the Trustee, in respect of the relevant Series, under the Master Distribution Agreement, the Purchase Undertaking and the Sale Undertaking; and (ii) the Delegate will deposit all the proceeds of any action to enforce or realise the relevant Trust Assets, subject to all prior ranking claims in accordance with Condition 6(b) (*Trust – Application of Proceeds from Trust Assets*), taken in accordance with Condition 16 (*Enforcement and Exercise of Rights*).

Pursuant to the Master Declaration of Trust, as supplemented by the relevant Supplemental Declaration of Trust for each Series, the Trustee has declared that it will hold, for each Series, certain assets (the "**Trust Assets**"), consisting of:

(i) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Series Assets;

(ii) all of the Trustee's rights, title, interest and benefit, present and future, in and to the relevant Transaction Documents (excluding: (i) any representations given to the Trustee by Ooredoo pursuant to any of the relevant Transaction Documents; and (ii) the covenant given to the Trustee and the Delegate pursuant to clause 17.1 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Master Declaration of Trust); and

(iii) all monies standing to the credit of the relevant Transaction Account from time to time,

in each case, in respect of the relevant Series, and all proceeds of the foregoing which are held by the Trustee upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and these Conditions.

(b) ***Application of Proceeds from Trust Assets***

On each Periodic Distribution Date and on any Dissolution Date or any earlier date specified for the dissolution of the Trust for the relevant Series in accordance with Condition 11 (*Capital Distributions of the Trust*), the Principal Paying Agent shall apply the monies standing to the credit of the relevant Transaction Account in the following order of priority:

(i) *first*, (to the extent not previously paid) to pay the Delegate all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other appointee in respect of the Trust by the Delegate in accordance with the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust;

(ii) *second*, (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents and the Corporate Services Agreement in its capacity as Trustee Administrator; and (iii) each Agent in respect of all amounts owing to such Agent on account of its properly incurred fees, costs, charges and expenses and the payment or satisfaction of any liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

(iii) *third*, for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(iv) *fourth*, only if such payment is made on a Change of Control Put Option Date (which is not a Dissolution Date), for application in or towards payment of the relevant Change of Control Amount;

(v) *fifth*, only if such payment is made on a Dissolution Date, for application in or towards payment of the relevant Dissolution Amount; and

(vi) *sixth*, only if such payment is made on a Dissolution Date, payment of any residual amount to Ooredoo in its capacity as distributor under the Master Distribution Agreement as an incentive amount for its performance.

7. COVENANTS

The Trustee covenants that, among other things, for so long as any Certificate is outstanding (as defined in the Master Declaration of Trust), it shall not:

(i) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;

(ii) grant or permit to be outstanding any lien, pledge, charge or other security interest over any of its present or future indebtedness for borrowed money or upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) (other than under or pursuant to any of the Transaction Documents));

(iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;

(iv) subject to Condition 19 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(v) except as provided in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(vi) have any subsidiaries or employees;

(vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

(viii) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(ix) prior to the date which is one year and one day after the date on which the relevant trust is dissolved, put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(x) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party and the Corporate Services Agreement or as expressly permitted or required thereunder or engage in any business or activity other than:

(A) as provided for or permitted in the Transaction Documents;

(B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(C) such other matters which are incidental thereto.

8. FIXED PERIODIC DISTRIBUTION PROVISIONS

(a) ***Application***

This Condition 8 (*Fixed Periodic Distribution Provisions*) is applicable to the Certificates only if the fixed periodic distribution provisions set out in this Condition 8 (*Fixed Periodic Distribution Provisions*) (the "**Fixed Periodic Distribution Provisions**") are specified in the applicable Final Terms as being applicable.

(b) ***Periodic Distribution Amount***

A "**Periodic Distribution Amount**" representing a defined share of the profit in respect of the relevant Series Assets will be payable in respect of the relevant Certificates for a Return Accumulation Period and be distributable by the Trustee to the Certificateholders in accordance with these Conditions and which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with the Conditions.

(c) ***Determination of Periodic Distribution Amount***

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate for any Return Accumulation Period shall be the Fixed Amount and, if the Certificates are in more than one Specified Denomination, shall be the Fixed Amount as specified in the applicable Final Terms in respect of the relevant Specified Denomination. Payments of Periodic Distribution Amounts on any Periodic Distribution Date may, if so specified in the applicable Final Terms, amount to the Broken Amount.

If any Periodic Distribution Amount is required to be calculated for a period other than a Return Accumulation Period or if no relevant Fixed Amount or Broken Amount is specified in the applicable Final Terms, such Periodic Distribution Amount shall be calculated by applying the Rate to the Calculation Amount, multiplying the product by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount.

"**Day Count Fraction**" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8(c) (*Fixed Periodic Distribution Provisions – Determination of Periodic Distribution Amount*):

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(A) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of: (A) the number of days in such Determination Period; and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of: (x) the number of days in such Determination Period; and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of: (x) the number of days in such Determination Period; and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12–30 day months) divided by 360.

(d) ***Payment in Arrear***

Subject to Condition 8(e) (*Fixed Periodic Distribution Provisions – Cessation of Profit Entitlement*), Condition 11(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*), Condition 11(c) (*Capital Distributions of the Trust – Dissolution at the Option of Ooredoo*), and Condition 15 (*Dissolution Events*) below, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Certificates in arrear on each Periodic Distribution Date specified in the applicable Final Terms.

(e) ***Cessation of Profit Entitlement***

No further amounts will be payable on any Certificate from and including the Scheduled Dissolution Date or, as the case may be, the relevant Dissolution Date, unless default is made in the payment of the relevant Dissolution Amount, as a result of the failure of Ooredoo to pay the relevant Certificates Exercise Price and enter into a Sale Agreement in accordance with the terms of the Purchase Undertaking, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition.

9. FLOATING PERIODIC DISTRIBUTION PROVISIONS

(a) ***Application***

This Condition 9 (*Floating Periodic Distribution Provisions*) is applicable to the Certificates only if the floating periodic distribution provisions set out in this Condition 9 (*Floating Periodic Distribution Provisions*) (the "**Floating Periodic Distribution Provisions**") are specified in the applicable Final Terms as being applicable.

(b) ***Periodic Distribution Amount***

A "**Periodic Distribution Amount**" representing a defined share of the profit in respect of the relevant Series Assets will be payable in respect of the relevant Certificates and be distributable by the Trustee to the Certificateholders in accordance with these conditions. Such Periodic Distribution amounts will be payable on either:

(i) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a "**Periodic Distribution Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the First Periodic Distribution Date, after the Issue Date.

Such Periodic Distribution Amounts will be payable in respect of each Return Accumulation Period.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur, or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 9(b)(ii) (*Floating Periodic Distribution Provisions – Periodic Distribution Amount*) above, the Floating Rate Convention, such Periodic Distribution Date: (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of below shall apply *mutatis mutandis*; or (b) in the case of (y) above, shall be postponed to the next day which is a Business

Day unless it would thereby fall into the next calendar month, in which event: (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or

(B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

(1) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(2) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the principal financial centre of the relevant Specified Currency and in each (if any) Additional Business Centre.

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) is/are to be determined, the Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate specified in the applicable Final Terms is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(iii) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to leading banks in the London interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the country of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the country of the Specified Currency)

on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin as specified in the applicable Final Terms and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the Rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

(d) ***Cessation of Profit Entitlement***

Provided that, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Certificate from and including the relevant Dissolution Date.

(e) ***Calculation of Periodic Distribution Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period (i) to the face amount (in the case of a Certificate in global form) or (ii) to the Calculation Amount (in the case of a Certificate in individual registered form), multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount.

"**Day Count Fraction**" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 9(e) (*Floating Periodic Distribution Provisions – Calculation of Periodic Distribution Amount*):

(i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified:

(A) where the Determination Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Determination Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and

(B) where the Determination Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Determination Period falling in the Regular Period in which it begins divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year; and

(2) the actual number of days in such Determination Period falling in the next Regular Period divided by the product: of (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year;

(iii) if "**Actual/365(Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 365;

(iv) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"$\mathbf{D_1}$" is the first calendar day of the Return Accumulation Period, expressed as a number, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"$\mathbf{M_1}$" is the calendar month expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D_1 will be 30; and "$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360(ISDA)**" specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{M_2}$" is the calendar month expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls; "$\mathbf{D_1}$" is the first calendar day of the Return Accumulation Period, expressed as a number, of the Return Accumulation Period unless (i) that day is the last day of February, or (ii) such number would be 31, in which case D_1 will be 30; "$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date, or (ii) such number would be 31, in which case D_2 will be 30.

(f) ***Calculation of Other Amounts***

If the applicable Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

(g) ***Publication***

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and, if listed, any stock exchange on which the relevant Certificates are for the time being listed, as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the first day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Periodic Distribution Amount but instead may publish only the Calculation Amount and the Periodic Distribution Amount in respect of a Certificate having the minimum Specified Denomination.

(h) ***Notifications, etc. to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9 (*Floating Periodic Distribution Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Trustee, the Delegate, Ooredoo, the Agents and all Certificateholders. In the absence of negligence, wilful default or fraud no liability to the Trustee, the Delegate, Ooredoo, any Agent or the Certificateholders shall attach to the Calculation Agent in connection with the exercise or

non-exercise by it of its powers, duties and discretions under this Condition 9 (*Floating Periodic Distribution Provisions*).

10. PAYMENT

(a) ***Payments in respect of Certificates***

Subject to Condition 8(b) (*Fixed Periodic Distribution Provisions – Periodic Distribution Amount*) or Condition 9(b) (*Floating Periodic Distribution Provisions – Periodic Distribution Amount*) (as applicable), payment of each Periodic Distribution Amount and the relevant Dissolution Amount will be made by the relevant Paying Agent in the Specified Currency, by wire transfer in same day funds to the registered account of each Certificateholder. Payments of the Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of the relevant Paying Agent. The Dissolution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of these Conditions:

(i) a Certificateholder's "**registered account**" means an account denominated in the Specified Currency maintained by or on behalf of it with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;

(ii) a Certificateholder's "**registered address**" means its address appearing on the Register at that time; and

(iii) "**Record Date**" means:

(A) in the case of the payment of a Periodic Distribution Amount, the close of business on the day prior to the relevant Periodic Distribution Date; and

(B) in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the relevant Dissolution Date or other due date for payment of the relevant Periodic Distribution Amount.

(b) ***Payments subject to Applicable Laws***

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of this Condition 10 (*Payment*) and Condition 12 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

(c) ***Payment only on a Payment Business Day***

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated by the relevant Paying Agent, on the due date for payment or, in the case of a payment of the Dissolution Amount, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of the relevant Paying Agent.

Certificateholders will not be entitled to any additional Periodic Distribution Amount, Dissolution Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the relevant Certificateholder is late in surrendering his Certificate (if required to do so).

If the Dissolution Amount or any Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount actually paid.

(d) ***Agents***

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided in the Master Declaration of Trust and the Agency Agreement) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders or any other party to the Transaction Documents.

The names of the initial Agents and their initial specified offices are set out in this Condition 10(d) (*Payment – Agents*). The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and/or to appoint additional or other Agents **provided that**: (a) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); (b) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system; and (c) there will at all times be a Paying Agent (which may be the Principal Paying Agent) located in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or any amendment thereof.

Notice of any such change or any change of any Specified Office shall be given to the Trustee, the Delegate and the Certificateholders in accordance with the provisions of the Agency Agreement.

The name and specified office of the Principal Paying Agent and Calculation Agent:

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

The name and specified office of the Registrar and Transfer Agent:

The Bank of New York Mellon (Luxembourg) S.A.
2-3 rue Eugene Ruppèrt
Vertigo Building – Polaris
L-2453 Luxembourg
Luxembourg

11. CAPITAL DISTRIBUTIONS OF THE TRUST

(a) ***Dissolution on the relevant Scheduled Dissolution Date***

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at the Final Dissolution Amount together with any Periodic Distribution Amounts payable, and the Trust will be dissolved by the Trustee on the relevant Scheduled Dissolution Date.

(b) ***Early Dissolution for Tax Reasons***

The Certificates shall be redeemed by the Trustee in whole, but not in part, and the Trust of each Series shall be dissolved on a Tax Redemption Date, by the Trustee giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), at the Early Dissolution Amount (Tax), if a Tax Event occurs, where "**Tax Event**" means:

(i) (A) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 12 (*Taxation*)) or any change in

the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Certificates (as specified in the applicable Final Terms); and (B) such obligation cannot be avoided by the Trustee, taking reasonable measures available to it; or

(ii) (A) the Trustee has received notice from Ooredoo that it has or will become obliged to pay additional amounts pursuant to the terms of the Master Distribution Agreement as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue Certificates; and (B) such obligation cannot be avoided by Ooredoo taking reasonable measures available to it,

provided however, **that** no such notice of dissolution shall be given by the Trustee to Certificateholders unless an Exercise Notice has been received by the Trustee from Ooredoo under the Sale Undertaking and further **provided that** no such notice of dissolution shall be given by the Trustee to Certificateholders earlier than:

(x) where the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms, 90 days prior to the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (ii) above) Ooredoo would be obliged to pay such additional amounts if a payment to the Trustee under the Master Distribution Agreement was then due; or

(y) where the Floating Periodic Distribution Provisions are specified in the applicable Final Terms, 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (ii) above) Ooredoo would be obliged to pay such additional amounts if a payment to the Trustee under the Master Distribution Agreement was then due.

Prior to the delivery by the Trustee of any notice of dissolution to Certificateholders pursuant to this Condition 11(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*), Ooredoo shall deliver to the Trustee and to the Delegate: (a) a Certificate signed by two directors of Ooredoo, which shall be binding on the Trustee and the Certificateholders, stating that the Trustee is entitled to effect such dissolution and setting forth a statement of facts showing that the conditions precedent in (i)(A) and (B) or (ii)(A) and (B), as the case may be, have occurred; and (b) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or, as the case may be, Ooredoo has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee or the Delegate shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event they shall be conclusive and binding on the Certificateholders.

(c) ***Dissolution at the Option of Ooredoo***

If the Optional Dissolution Right (as set out in the applicable Final Terms) is specified in such Final Terms as being applicable, Ooredoo shall exercise its option granted under Clause 2.1.2 (*Grant of Rights*) of the Sale Undertaking in accordance with Clause 3.1.2 (*Exercise and Undertaking*) thereof and deliver an Exercise Notice to the Trustee specifying the due date for redemption of the Certificates (in whole, but not in part) on any Optional Dissolution Date specified in the applicable Final Terms, such notice to be delivered in the prescribed form set out in the Sale Undertaking and not less than 30 days prior to the due date for redemption stated therein.

Following receipt by the Trustee of a duly completed Exercise Notice in the prescribed form pursuant to this Condition 11(c) (*Capital Distributions of the Trust – Dissolution at the Option of Ooredoo*), the Trustee shall, on giving not less than 15 nor more than 30 days' notice to the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee

to dissolve the Certificates on the relevant Optional Dissolution Date), dissolve the Trust and redeem (in whole, but not in part) the Certificates at the relevant Optional Dissolution Amount, together with Periodic Distribution Amounts accrued (if any) to the Optional Dissolution Date.

Upon the expiry of any such notice to Certificateholders as is referred to in this Condition 11(c) (*Capital Distributions of the Trust – Dissolution at the Option of Ooredoo*), the Trustee shall be bound to dissolve the Certificates in accordance with this Condition 11 (*Capital Distributions of the Trust*). Upon payment in full of such amounts and the dissolution as aforesaid and termination of the relevant Trust, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(d) ***Dissolution at the Option of the Certificateholders (Change of Control Put Option)***

(i) Promptly upon the Trustee becoming aware that a Change of Control Event has occurred, the Trustee shall give notice (a "**Change of Control Notice**") to the Certificateholders in accordance with Condition 18 (*Notices*) to that effect.

If a Change of Control Event occurs, the Trustee will, upon the holder of any Certificate giving notice in accordance with Condition 18 (*Notices*) (a "**Change of Control Put Notice**") within the Change of Control Put Period redeem such Certificate on the Change of Control Put Option Date at the Change of Control Amount.

If the holder of every Certificate in a Series delivers a Change of Control Put Notice within the Change of Control Put Period in accordance with Condition 18 (*Notices*) (unless prior to the giving of the relevant Change of Control Notice (as defined above) the Trustee has given notice of redemption under Condition 11(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*) or Condition 11(c) (*Capital Distributions of the Trust – Dissolution at the Option of Ooredoo*)), the Trustee will: (i) redeem the Certificates at the Final Dissolution Amount, together with Periodic Distribution Amounts accrued (if any), to the Periodic Distribution Date immediately following the expiry of the Change of Control Put Period; and (ii) dissolve the Trust.

(ii) To exercise the right to require redemption of this Certificate the holder of this Certificate must, if this Certificate is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 11(d) (*Capital Distributions of the Trust – Dissolution at the Option of the Certificateholders (Change of Control Put Option)*) and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 3(a) (*Transfers of Certificates – Transfers*).

If this Certificate is represented by a Global Certificate or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Certificate the holder of this Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream and Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream and Luxembourg from time to time and if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 11(d) (*Capital Distributions of the Trust – Dissolution at the Option of the Certificateholders (Change of Control Put Option)*) shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 15 (*Dissolution Events*), in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 11(d) (*Capital Distributions of the Trust – Dissolution at the Option of the Certificateholders (Change of Control Put Option)*).

(e) ***Dissolution following a Dissolution Event***

Upon the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed at the Final Dissolution Amount, together with accrued and unpaid Periodic Distribution Amounts, on the Dissolution Event Redemption Date, if the conditions set out in Condition 15 (*Dissolution Events*) are satisfied, and the Trust will be dissolved by the Trustee.

(f) ***No Other Dissolution***

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 11 (*Capital Distributions of the Trust*), Condition 14(c) (*Purchase and Cancellation of Certificates – Dissolution of the Trust upon cancellation of all outstanding Certificates in a Series*) and Condition 15 (*Dissolution Events*).

(g) Cancellations

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.

(h) ***Effect of payment in full of Dissolution Amount***

Upon payment in full of the Dissolution Amount, together with accrued and unpaid Periodic Distribution Amounts, and the termination of the Trust, the Certificates shall cease to represent an undivided ownership interest in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12. TAXATION

All payments in respect of the Certificates by the Trustee shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction ("**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay such additional amounts as shall be necessary in order that the full amount which otherwise would have been due and payable under the Certificates is received by the Certificateholders, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate presented for payment (where presentation is required):

(i) by or on behalf of a holder who is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or

(ii) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or any amendment thereof; or

(iii) by or on behalf of a Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent in a different Member State of the European Union; or

(iv) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days.

In these Conditions:

"**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the relevant Paying Agent or the Trustee or the Registrar on or before the due date, it means the date on which the full amount of the money having been so received, notice to that effect shall have been duly given to Certificateholders by the Trustee in accordance with Condition 18 (*Notices*); and

"**Relevant Jurisdiction**" means the Cayman Islands (in the case of any payment made by the Trustee) and Qatar (in the case of any payment made by Ooredoo) or, in each case, any political subdivision or authority thereof or therein having the power to tax.

The Master Distribution Agreement, the Purchase Undertaking and the form of Sale Agreement to be entered into pursuant to the Sale Undertaking each provide that payments thereunder by Ooredoo shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by Ooredoo of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

If Ooredoo becomes subject to any taxing jurisdiction other than Qatar, references in these Conditions to Qatar, shall be construed as references to Qatar and/or such other jurisdiction, as the case may be.

13. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of ten (10) years (in the case of the Dissolution Amount) and five (5) years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

14. PURCHASE AND CANCELLATION OF CERTIFICATES

(a) ***Purchases***

Ooredoo and/or any Subsidiary may at any time purchase Certificates at any price in the open market or otherwise. Such Certificates may be held, reissued, re-sold or, at the option of Ooredoo, surrendered to the Principal Paying Agent for cancellation by or on behalf of the Trustee in accordance with Condition 14(b) (*Purchase and Cancellation of Certificates – Cancellation of Certificates held by Ooredoo and/or any of its Subsidiaries*).

(b) ***Cancellation of Certificates held by Ooredoo and/or any of its Subsidiaries***

Following any purchase of Certificates by or on behalf of Ooredoo and/or any of its subsidiaries pursuant to Condition 14(a) (*Purchase and Cancellation of Certificates – Purchases*), should Ooredoo wish to cancel any Certificates so purchased, it will deliver such Certificates to the Principal Paying Agent for cancellation by or on behalf of the Trustee. The Sale Undertaking may be exercised by Ooredoo in respect of the transfer of the Trustee's rights, title, interests, benefits and entitlements in, to and under Airtime Vouchers with an aggregate value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation by or on behalf of the Trustee and, upon such cancellation, the Trustee will transfer those Airtime Vouchers to Ooredoo.

(c) ***Dissolution of the Trust upon cancellation of all outstanding Certificates in a Series***

In the event Ooredoo and/or any of its Subsidiaries purchase all the outstanding Certificates in a Series and all such Certificates are subsequently cancelled by or on behalf of the Trustee, the relevant Trust will be dissolved and the Certificates shall cease to represent an undivided ownership interest in the

relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

15. DISSOLUTION EVENTS

If, upon the occurrence of any of the following events (each a "**Dissolution Event**"):

(i) default is made in the payment of: (A)(x) the Dissolution Amount and any accrued but unpaid Periodic Distribution Amounts on the date fixed for payment thereof; or (y) the Redemption Price on the date fixed for payment thereof; or (B) any Periodic Distribution Amount on the due date for payment thereof and, in the case of either (A)(x) or (A)(y), such default continues unremedied for a period of seven (7) days and, in the case of (B), such default continues unremedied for a period of fourteen (14) days; or

(ii) the Trustee defaults in the performance or observance of or compliance with any of its other obligations or undertakings under these Conditions or the Transaction Documents to which it is a party and such default is not capable of remedy (in the opinion of the Delegate) or (if capable of remedy (in the opinion of the Delegate)) is not remedied within thirty (30) days after written notice of such default requiring the same to be remedied shall have been given to the Trustee by the Delegate; or

(iii) an Ooredoo Event occurs; or

(iv) the Trustee repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or

(v) at any time it is or will become unlawful or impossible for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or

(vi) either: (a) the Trustee becomes insolvent or is unable to pay its financial obligations as they fall due; (b) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (c) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (d) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business; or

(vii) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or

(viii) the Trustee ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by Ooredoo; or

(ix) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraph (vi) and (vii) above,

the Delegate shall, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, and having been notified in writing or otherwise determining that (such determination by the Delegate to be in its absolute discretion) of such Dissolution Event has occurred, give notice in writing of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 (*Notices*) with a request to such holders to indicate if they wish the Trust to be dissolved. Following the issuance of such notice the Delegate may, or if so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series outstanding or if so directed by an Extraordinary Resolution of the Certificateholders (a "**Dissolution Request**"), shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Trustee and Ooredoo of the Dissolution Request and, upon receipt of such notice, the Trustee shall exercise its rights under the Purchase Undertaking and the Trustee shall

distribute to the Certificateholders the proceeds of the resultant sale and liquidation and the Certificates shall be redeemed at the Final Dissolution Amount plus on the date specified in such notice (the "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been redeemed.

For the purposes of paragraph (i) above, amounts shall be considered due in respect of the Certificates (including for the avoidance of doubt any amounts calculated as being payable under Condition 8 (*Fixed Periodic Distribution Provisions*), Condition 9 (*Floating Periodic Distribution Provisions)* and Condition 11 *(Capital Distributions of the Trust*)) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts.

For the purposes of this Condition 15 (*Dissolution Events*), an "**Ooredoo Event**" will occur if one or more of the following events occurs:

(i) in respect of a Series of Certificates, Ooredoo fails to pay:

(a) any Distribution Profit Amount (as defined in the Master Distribution Agreement) payable by it under the Master Distribution Agreement in respect of the Certificates, and the failure continues for a period of fourteen (14) days; or

(b) any Certificates Exercise Price due under the Purchase Undertaking or Sale Undertaking (following due exercise thereof), or any Redemption Price due under the Purchase Undertaking (following due exercise thereof), in each case in respect of the Certificates and, in any case, the failure continues for a period of seven (7) days; or

(ii) Ooredoo fails to perform or observe any of its other obligations in respect of the Certificates under the Transaction Documents (other than the Agency Agreement) it has entered into and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee (or the Delegate acting in the name of the Trustee) of notice requiring the same to be remedied; or

(iii) (a) any Financial Indebtedness of Ooredoo or a Material Subsidiary becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (b) Ooredoo or a Material Subsidiary fails to make any payment in respect of any Financial Indebtedness on the due date (as extended by any originally applicable grace period) for payment; (c) any Security Interest given by Ooredoo or a Material Subsidiary for any Financial Indebtedness becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to Ooredoo or the relevant Material Subsidiary, as the case may be, that such Security Interest has become enforceable); or (d) default is made by Ooredoo or a Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Financial Indebtedness of any other person, provided that no event described in this subparagraph (iii) shall constitute an Ooredoo Event unless the Financial Indebtedness or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Financial Indebtedness and/or liabilities due and unpaid relating to all (if any) of the events specified in (a) to (d) (inclusive) above which have occurred and are continuing, amounts to at least U.S.$50,000,000 (or its equivalent in any other currency); or

(iv) any order is made by any competent court or resolution passed for the winding up or dissolution of Ooredoo or any of its Material Subsidiaries, save in connection with a Permitted Reorganisation; or

(v) Ooredoo or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save in connection with a Permitted Reorganisation, or if Ooredoo or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits its inability to pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vi) if: (a) proceedings are initiated against Ooredoo or a Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to Ooredoo or a Material Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them; and (b) in any case (other than the appointment of an administrator) is not discharged within 30 days; or

(vii) if Ooredoo or a Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), save in connection with a Permitted Reorganisation; or

(viii) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, an analogous effect to any of the events referred to in paragraphs (iv) to (vii) above.

In this Condition, the following expression shall have the following meaning:

"**Permitted Reorganisation**" means:

(A) any disposal by a Material Subsidiary of the whole or a substantial part of its business, undertaking or assets to Ooredoo or any Subsidiary of Ooredoo;

(B) any amalgamation, consolidation or merger of a Material Subsidiary with Ooredoo or any other Subsidiary of Ooredoo; or

(C) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by an Extraordinary Resolution.

16. ENFORCEMENT AND EXERCISE OF RIGHTS

(i) Upon the occurrence of a Dissolution Event, to the extent any amount payable in respect of the Certificates has not been paid in full, the Trustee (or the Delegate, acting in the name of the Trustee), (subject to it being indemnified and/or secured and/or prefunded to its satisfaction)), may (acting for the benefit of the Certificateholders) take one or more of the following steps:

(A) enforce the provisions of the Purchase Undertaking against Ooredoo; and/or

(B) take such other steps as the Trustee or the Delegate (acting in the name and on behalf of the Trustee) may consider necessary to recover amounts due to the Certificateholders.

(ii) Following the enforcement, realisation of the Certificates and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates to the Certificateholders in accordance with these Conditions and the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and the right of the Certificateholders to receive any further sums shall be extinguished. Following which, neither the Trustee nor the Delegate shall be liable for any such sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including Ooredoo) to recover any such sum or asset in respect of the relevant Certificates or the Trust Assets. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.

(iii) No Certificateholder shall be entitled to proceed directly against, or to provide instructions to the Delegate to proceed against, the Trustee or Ooredoo or to provide instructions to the Trustee to proceed directly against Ooredoo in each case under any Transaction Document to which either of them is a party unless: (a) the Delegate fails to do so within 30 days of becoming so bound and such failure its continuing; and (b) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against any of the Trustee or Ooredoo as the case may be) holds at least 20 per cent. of the then outstanding aggregate face amount of the Series. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets and the sole right of the Delegate and the Certificateholders against the Trustee and Ooredoo shall be to enforce their respective obligations under the Transaction Documents.

(iv) Subject to paragraph (ii), neither the Trustee nor the Delegate shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action against, in the case of the Delegate only, the Trustee and/or, in the case of the Trustee or the Delegate, Ooredoo under any Transaction Document to which either of the Trustee or Ooredoo is a party unless directed or requested to do so: (a) by an Extraordinary Resolution; or (b) in writing by the holders of at least 20 per cent. of the then outstanding aggregate face amount of the Certificates of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable and **provided that** neither the Trustee nor the Delegate shall be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

17. REPLACEMENT OF CERTIFICATES

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar (and, if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee and the Registrar may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

18. NOTICES

Save as provided in this Condition 18 (*Notices*) all notices regarding the Certificates will be in the English language and will deemed to be validly given if published in a leading English language daily newspapers published in London which is expected to be the Financial Times, or if such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Trustee shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Certificates are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Certificates are issued, there may, so long as the Global Certificate representing the Certificates is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Certificates. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with the relevant Certificate or Certificates, with the Principal Paying Agent.

19. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

(i) The Master Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Master Declaration of Trust. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee and shall be convened by it upon the request in writing of Certificateholders holding not less than one tenth of the aggregate face amount of the Certificates of a Series. The quorum at any meeting for passing an Extraordinary Resolution will be two or more Certificateholders, proxies or representatives holding or representing in the aggregate more than half of the then outstanding aggregate face amount of the Certificates (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting two or more Certificateholders, proxies or representatives (whatever the outstanding face amount of the Certificates of all the relevant Series held or represented by him/her or them), **provided however that** any meeting the business of which includes the modification of certain provisions of the Certificates (including, among others, modifying the relevant Scheduled Dissolution Date, reducing or cancelling any amount payable in respect of the Certificates, altering the currency of payment of the Certificates or amending any of Ooredoo's covenants to make a payment under any Transaction Document), the quorum shall be two or more Certificateholders, proxies or representatives holding or representing in the aggregate not less than one half of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting two or more Certificateholders, proxies or representatives holding or representing in the aggregate not less than 25 per cent. of the aggregate outstanding face amount of the Certificates of such amount of the Certificates so held or represented (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series). To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll and, if duly passed, will be binding on all Certificateholders, whether or not they are present at the meeting and whether or not voting.

(ii) The Master Declaration of Trust provides that a resolution in writing signed by or on behalf of all holders of the Certificates outstanding who for the time being are entitled to receive notice of a meeting in accordance with Schedule 4 (*Provisions for Meetings of Certificateholders*) of the Master Declaration of Trust shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

(iii) The Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document and the Trustee's memorandum and articles of association may only be amended by the Trustee with the consent of the Delegate and the Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of any of the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association if, in the opinion of the Delegate: (i) such modification is of a formal, minor or technical nature; (ii) such modification is made to correct a manifest error; or (iii) such modification is not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter or any provisions of the Master Declaration of Trust referred to in the definition of a Reserved Matter. Any such modification may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding on the

Certificateholders and, unless the Delegate otherwise decides, shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

(iv) The Delegate may, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach from time to time and at any time: (i) give its consent under these presents or any other Transaction Document and agree to waive or to authorise any breach or proposed breach of any provision of the Master Declaration of Trust or any other Transaction Document; or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, **provided that**: (A) in the opinion of the Delegate, such waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Certificateholders; and (B) the Delegate will not do so in contravention of an express direction given by Extraordinary Resolution or a request made pursuant to Condition 15 (*Dissolution Events*). No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Certificateholders and unless the Delegate otherwise requires, shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

(v) In connection with the exercise by it of any of its powers, trusts, authorities and discretions under the Master Declaration of Trust (including, without limitation, any modification), the Delegate shall have regard to the general interests of the Certificateholders as a class (except where the context otherwise requires (as determined by the Delegate in its absolute discretion)) and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Certificateholders (whatever their number) resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof or taxing jurisdiction and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, Ooredoo or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders (except, in the case of the Trustee and Ooredoo, to the extent already provided for in Condition 12 (*Taxation*)).

20. THE DELEGATE

The Trustee has in the Master Declaration of Trust irrevocably and unconditionally appointed the Delegate to be its attorney and in its name, on its behalf and as its act and deeds to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Master Declaration of Trust) and discretions vested in the Trustee by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, that the Delegate may consider to be necessary or desirable, and subject in each case to it being indemnified and/or secured and/or prefunded to is satisfaction, in order, upon the occurrence of a Dissolution Event or Potential Dissolution Event, to exercise all of the rights of the Trustee under the Purchase Undertaking and the relevant Transaction Documents, **provided that** no obligations, duties, Liabilities or covenants of the Trustee pursuant to the Master Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this delegation, and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, (together the "**Delegation**" of the "**Relevant Powers**"), **provided that** in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the relevant Trust Assets and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the relevant Trust Assets, to dissolve any of the trusts constituted by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Master Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Master Declaration of Trust, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Condition 16 (*Enforcement and Exercise of Rights*), and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of Ooredoo under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by Ooredoo but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust.

The Delegate may rely without liability to Certificateholders on opinion, any information (including valuations), a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institution, auditors, lawyers, bankers, brokers, insolvency officials or any other expert (whether or not addressed to the Delegate and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Delegate or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise) in accordance with or for the purposes of the Master Declaration of Trust or the other relevant Transaction Documents. The Delegate may accept and shall be entitled to rely on any such opinion, information, report, confirmation or certificate or advice as sufficient evidence of the facts stated therein and such opinion, information, report, confirmation, certificate or advice shall be binding on the Trustee, the Delegate and the Certificateholders. The Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

Each of the Trustee and the Delegate is exempted from: (a) any liability in respect of any loss or theft of the Trust Assets or any cash; (b) any obligation to monitor or insure the Trust Assets (other than, with respect to the Trustee, in accordance with the Transaction Documents) or any cash; and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of gross negligence, wilful default or fraud by the Trustee or the Delegate, as the case may be.

Nothing shall, in any case where the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Master Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Master Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Master Declaration of Trust.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. GOVERNING LAW AND ARBITRATION

(i) ***Governing Law***

The Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust (including these Conditions), the Agency Agreement and the Certificates and any non-contractual obligations arising out of or in connection with the same (including the remaining provisions of this Condition 22 (*Governing Law and Arbitration*)) are and shall be governed by, and construed in accordance with, English law.

(ii) ***Agreement to arbitrate***

Subject to Condition 22(iii) (*Governing Law and Arbitration – Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Master Declaration of Trust and/or the Conditions (including any dispute as to the existence, validity, interpretation, performance, breach or termination or the consequences of any nullity thereof and any dispute relating to any non-contractual obligations arising out of or in connection with the Master Declaration of Trust and/or the Certificates) ("**Dispute**") shall be referred to and finally resolved by arbitration under the London Court of International Arbitration ("**LCIA**") Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 22 (*Governing Law and Arbitration*). For these purposes:

(A) the place of arbitration shall be London;

(B) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and

(C) the language of the arbitration shall be English.

(iii) ***Option to litigate***

Notwithstanding the agreement that any Dispute will be settled by arbitration as set out in Condition 22(ii) (*Governing Law and Arbitration – Agreement to arbitrate*), the Delegate may, in the alternative and at its sole discretion, by notice in writing to the Trustee and Ooredoo:

(A) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(B) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 22(iv) (*Governing Law and Arbitration – Effect of exercise of option to litigate*) and subject as provided below, any arbitration commenced under Condition 22(ii) (*Governing Law and Arbitration – Agreement to arbitrate*) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(A) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(B) his entitlement to be paid his proper fees and disbursements; and

(C) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(iv) ***Effect of exercise of option to litigate***

In the event that a notice pursuant to Condition 22(iii) (*Governing Law and Arbitration – Option to litigate*) is issued, the following provisions shall apply:

(A) subject to paragraph (C) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Trustee submits to the exclusive jurisdiction of such courts;

(B) the Trustee agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(C) this Condition 22(iv) (*Governing Law and Arbitration – Effect of exercise of option to litigate*) is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (A) above, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Master Declaration of Trust, any Certificateholder, may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Certificateholders may take concurrent Proceedings in any number of jurisdictions.

(v) ***Process agent***

The Trustee agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom or, if different, its registered office for the time being or at any address of the Trustee in Great Britain at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Trustee, the Trustee shall appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Delegate shall be entitled to appoint such a person by written notice addressed to the Trustee and delivered to the Trustee or to the Specified Office of the Principal Paying Agent. Nothing in this Condition 22(v) (*Governing Law and Arbitration – Process agent*) shall affect the right of any party to serve process in any other manner permitted by law. This Condition 22(v) (*Governing Law and Arbitration – Process agent*) applies to Proceedings in England and to Proceedings elsewhere.

FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. Certificates will be issued outside the United States in reliance on Regulation S under the Securities Act.

Global Certificates

Each Series of Certificates will initially be represented by a global trust certificate in registered form (a "**Global Certificate**"). Global Certificates will be deposited with a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the Common Depositary. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form.

Payments to registered Holder

Payments of any amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown in the Register as the registered Holder of the Certificates represented by a Global Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where the "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

None of the Trustee, the Delegate, Ooredoo, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 1 (*Interpretation*)) immediately preceding the due date for payment in the manner provided in that Condition.

Exchange for definitives

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. For these purposes, an "**Exchange Event**" will occur if: (a) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available; (b) any of the circumstances described in Condition 15 (*Dissolution Events*) occurs; or (c) the Trustee has or will become subject to adverse tax consequences which would not be suffered were the Certificates in definitive form. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any other person acting on their behalf, as the case may be, (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Trustee may also give notice to the Registrar requesting exchange. In such circumstances, the Global Certificate shall be exchanged for Definitive Certificates and the Trustee will cause sufficient Definitive Certificates to be executed and delivered to the Registrar within 10 days following the request for exchange for completion and dispatch to the Certificateholders.

For so long as any Certificate is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificate standing to the account of any person

shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such Certificate for all purposes other than with respect to any payment on such face amount of such Certificate, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee and their respective agents as the holder of such face amount of such Certificate in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Series of Certificates issued under the Programme.

[*Date*]

Ooredoo Tamweel Limited

Issue of [*Aggregate Face Amount of Series*] [*Title of Certificates*]

under the U.S.$2,000,000,000

Trust Certificate Issuance Programme

PART A: CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 November 2013 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms relating to the issue of Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Certificates and must be read in conjunction with the Base Prospectus.

Full information on the Trustee, Ooredoo and the Certificates described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus. These Final Terms and the Base Prospectus [as so supplemented] is available for viewing in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland (http: *www.centralbank.ie*) and during normal business hours at the registered offices of The Trustee at c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

1.	(i) Trustee:	Ooredoo Tamweel Limited
	(ii) Obligor:	Ooredoo Q.S.C.
2.	Series Number:	[•]
3.	Specified Currency:	[•]
4.	Aggregate Face Amount of Series:	[•]
5.	Issue Price:	100 per cent. of the Aggregate Face Amount
6.	(i) Specified Denominations:	[•]
	(ii) Calculation Amount:	[•]
7.	Issue Date:	[•]
8.	(i) Return Accrual Commencement Date:	[[•]/Issue Date/Not Applicable]
	(ii) Scheduled Dissolution Date:	[•]
9.	Periodic Distribution Amount Basis:	[[•] per cent. Fixed Periodic Distribution Amount] [[•] +/–[•] per cent. Floating Periodic Distribution Amount]
10.	Dissolution Basis:	Dissolution at par

11. Change of Periodic Distribution Basis:	[•]/[Not Applicable]
12. Call Option:	[Not Applicable]/[Optional Dissolution Right]
13. Date [Board] approval for issuance of Certificates obtained:	[•] in the case of the Trustee [•] in the case of Ooredoo

PROVISIONS RELATING TO PERIODIC DISTRIBUTION

14. Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable]
(i) Rate[(s)]:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii) Periodic Distribution Date(s):	[•] in each year up to and including the Scheduled Dissolution Date
(iii) Fixed Amount[(s)];	[•] per Calculation Amount
(iv) Broken Amount(s):	[[•] per Calculation Amount] [Not Applicable]
(v) Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]
(vi) Determination Date(s):	[[•] in each year] [Not Applicable]
15. Floating Periodic Distribution Provisions:	[Applicable/Not Applicable]
(i) Specified Periodic Distribution Dates:	[•]/[Not Applicable]
(ii) Specified Period:	[•]/[Not Applicable]
(iii) First Periodic Distribution Date:	[•]
(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment]
(v) Additional Business Centre(s):	[Not Applicable]
(vi) Manner in which the Rate(s) is/are to be determined:	Screen Rate Determination (Condition 9(c) (*Floating Periodic Distribution Provisions – Screen Rate Determination*) applies
(vii) Screen Rate Determination:	[Applicable/Not Applicable]
(a) Reference Rate:	[LIBOR/EURIBOR]
(b) Periodic Distribution Determination Date:	[•]
(c) Relevant Screen Page:	[•]
(d) Relevant Time:	[•]
(viii) Margin:	[+/–] [•] per cent. per annum
(ix) Day Count Fraction:	[Actual/Actual (ISDA)], [Actual/365 (Fixed)], [Actual/365 (Sterling)], [Actual/360], [30/360], [30E/360], [30E/360 (ISDA)]
(x) Calculation Agent:	Principal Paying Agent

PROVISIONS RELATING TO DISSOLUTION

16.	Optional Dissolution Right:	[Applicable/Not Applicable]
	(i) Optional Dissolution Amount of each Certificate:	[Final Dissolution Amount]/[[•] per Calculation Amount]
	(ii) Optional Dissolution Date:	[Any Periodic Distribution Date]/[•]
17.	Change of Control Put Option:	[Applicable/Not Applicable]
18.	Final Dissolution Amount of each Certificate:	[[•] per Calculation Amount]
19.	Early Dissolution Amount (Tax) of each Certificate (following early dissolution for tax reasons):	[Final Dissolution Amount]/[[•] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

20.	Form of Certificates:	Registered Certificates Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate.
21.	Additional Financial Centre(s) relating to payment:	[•]/[Not applicable]

The Trustee and the Obligor accept responsibility for the information contained in these Final Terms.

SIGNED on behalf of
OOREDOO TAMWEEL LIMITED

By: ....
Duly authorised

SIGNED on behalf of
OOREDOO Q.S.C.

By: ....
Duly authorised

By: ....
Duly authorised

PART B: OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

Listing and admission to trading:	[Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and trading on its regulated market with effect from [•].]
Estimate of total expenses related to admission to trading;	[•]

RATINGS

Ratings:	The Certificates to be issued have been rated: [Fitch: [•]] [Moody's: [•]] [S&P: [•]] [[Other]: [•]] Fitch Ratings Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). Moody's Investors Service Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [*Insert full legal name of credit rating agency*] is established in the European Union and registered under Regulation (EU) No. 1060/2009 (as amended).]/[[*Insert full legal name of credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EU) No. 1060/2009 (as amended).]/[[*Insert full legal name of credit rating agency*] is not established in the European Union but [*insert full legal name of endorsing credit rating agency*], which is registered under Regulation (EU) No. 1060/2009 (as amended), has indicated that it intends to endorse the ratings or [insert full legal name of credit rating agency] where possible.]/[[*Insert full legal name of credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EU) No. 1060/2009 (as amended), but it is certified in accordance with such Regulation.]

[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the Dealers, so far as the Trustee and Ooredoo are aware, no person involved in the offer of the Certificates has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, Ooredoo and its affiliates in the ordinary course of business for which they may receive fees.]

OPERATIONAL INFORMATION

(i)	ISIN Code:	[•]
(ii)	Common Code:	[•]
(iii)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s);	[Not Applicable/*give name(s) and number(s)*]
(iv)	Delivery:	Delivery [against/free of] payment

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Trustee and the Obligor confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not applicable]

USE OF PROCEEDS

The Proceeds of each Series of Certificates issued under the Programme will be paid by the Trustee to Ooredoo as consideration for the purchase by the Trustee of the relevant Series Assets. The net proceeds will be applied by Ooredoo within the Group for general corporate purposes, including, amongst other things, refinancing existing indebtedness.

DESCRIPTION OF THE TRUSTEE

General

Ooredoo Tamweel Limited, a Cayman Islands exempted company with limited liability, was incorporated on 4 November 2013 under the Companies Law (2013 Revision) of the Cayman Islands with company registration number 282441. The Trustee was established as a company for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents and the Corporate Services Agreement. The registered office of the Trustee is at the offices of Maples Corporate Services Limited at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands, and its telephone number is +1 345 949 8066.

The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 ordinary shares of a par value of U.S.$1.00 each, 100 of which have been issued. The Trustee is a wholly-owned subsidiary of Ooredoo.

Business of the Trustee

The Trustee has no prior operating history or prior business and has no substantial liabilities other than in connection with the Certificates to be issued under the Programme. The Certificates are the obligations of the Trustee alone.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 4 November 2013.

Financial Statements

Since its date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Trustee

The Directors of the Trustee are as follows:

Name	*Function at the Trustee*	*Other appointments outside Trustee*
Dr. Nasser Marafih	Director	Chief Executive Officer of Ooredoo Group
Mr. Ajay Bahri	Director	Chief Financial Officer of Ooredoo Group

The business address of Dr. Nasser Marafih is Ooredoo Q.S.C., 100 West Bay, P.O. Box 217, Doha, State of Qatar. The business address of Mr. Ajay Bahri is Ooredoo Q.S.C., 100 West Bay, P.O. Box 217, Doha, State of Qatar.

The Trustee has no subsidiaries, employees or non-executive directors.

Pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator shall provide alternate directors for the directors of the Trustee to allow meetings of the board of directors of the Trustee to be held in the Cayman Islands.

Conflicts

There are no conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.

The Trustee Administrator and Registered Office

MaplesFS Limited acts as the corporate administrator of the Trustee (in such capacity the "**Trustee Administrator**"). Through the office, and pursuant to the terms of a corporate services agreement entered into between the Trustee and the Trustee Administrator (the "**Corporate Services Agreement**"), the Trustee

Administrator provides alternate directors to the Trustee to allow meetings of the board of directors of the Trustee to be held in the Cayman Islands until termination of the Corporate Services Agreement. The Trustee and Maples Corporate Services Limited have also entered into a registered office agreement (the "**Registered Office Agreement**") for the provision of registered office facilities to the Trustee. In consideration of the foregoing, Maples Corporate Services Limited receives various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee, the Trustee Administrator or Maples Corporate Services Limited may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency.

The Trustee Administrator is subject to the overview of the Trustee's Board of Directors.

The Trustee Administrator's principal office is at P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of Ooredoo or an affiliate thereof. The Trustee has no employees and is not expected to have any employees in the future.

CAPITALISATION OF THE GROUP

The following table sets out the Group's consolidated capitalisation, bank balances and cash and short term debt as at 30 September 2013. The information provided was extracted from the Group's unaudited condensed consolidated interim financial statements as at 30 September 2013 and should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Condensed Consolidated Interim Financial Statements and Consolidated Financial Statements included elsewhere in this Base Prospectus.

	As at 30 September 2013 (in millions of)	
	(QR)	*(U.S.$)*
Bank balances and cash[(1)]	16,336.0	4,487.9
Debt:		
Short-term debt[(2)]	8,065.6	2,215.8
Long-term debt[(3)]	33,252.0	9,135.2
Total debt	41,317.6	11,351.0
Equity:		
Share capital	3,203.2	880.0
Legal reserve	12,434.3	3,416.0
Fair value reserve	1,180.3	324.3
Employment benefit reserve	(111.0)	(30.5)
Translation reserve	(1,346.9)	(370.0)
Other statutory reserves	825.3	226.6
Retained earnings	8,404.6	2,309.0
Non-controlling interests	7,294.6	2,004.0
Total equity	31,884.4	8,759.4
Total capitalisation[(4)]	65,136.4	17,894.6

Notes:

(1) Comprises cash and bank balances, call deposits and short-term deposits with banks that management believes are readily convertible into cash and restricted bank deposits of QR288.2 million (U.S.$79.2 million).

(2) Comprises debt with a maturity of up to 12 months and bank overdrafts, net of deferred financing costs.

(3) Comprises debt with a maturity of greater than 12 months, net of deferred financing costs.

(4) Total equity plus long-term debt.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Ooredoo's selected historical consolidated financial data as of and for the nine-month periods ended 30 September 2012 and 2013 and the years ended 31 December 2010, 31 December 2011 and 31 December 2012 set forth below has been derived from the Condensed Consolidated Interim Financial Statements and Consolidated Financial Statements appearing elsewhere in this Base Prospectus.

The selected historical consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Consolidated Financial Statements and the unaudited condensed consolidated interim financial statements of the Group. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

Income Statement

	Year ended 31 December			
	2010	*2011*	*2012*	*2012*
		(QRm)		*(U.S.$m)*
Historical Income Statement Data:				
Continuing operation				
Revenue from wireless services	23,978.3	28,093.9	29,852.3	8,201.2
Revenue from wireline services	3,398.3	3,651.0	3,861.9	1,060.9
Revenue	27,376.6	31,744.9	33,714.2	9,262.1
Operating expenses	(8,734.6)	(9,438.1)	(10,508.7)	(2,887.0)
Selling, general and administrative expenses	(6,047.6)	(7,454.4)	(7,693.9)	(2,113.7)
Depreciation and amortization	(6,317.4)	(6,989.3)	(7,702.2)	(2,116.0)
Finance costs – net	(1,804.4)	(1,900.5)	(1,921.0)	(527.7)
Impairment of intangibles and available-for-sale investments	(46.3)	(221.5)	(427.4)	(117.4)
Gain on previously held interest in an acquired subsidiary	–	1,442.8	–	–
Other income/(expenses) – net	657.6	71.2	525.7	144.4
Share of results of associates	(129.6)	(56.8)	34.6	9.5
Royalties and fees	(320.8)	(312.2)	(327.9)	(90.1)
Profit before income tax	4,633.5	6,886.1	5,693.4	1,564.1
Income tax	(545.6)	(911.0)	(975.5)	(268.0)
Profit from continuing operations	4,087.9	5,975.1	4,717.9	1,296.1
Discontinued operation				
Loss from discontinued operation	–	(31.9)	(68.2)	(18.7)
Profit for the year	4,087.9	5,943.2	4,649.7	1,277.4
Attributable to:				
Shareholders of the parent	2,887.8	2,605.6	2,943.7	808.7
Non-controlling interests	1,200.1	3,337.6	1,706.0	468.7
Basic and Diluted Earnings				
(attributable to equity holders of the parent) (expressed in QR and U.S.$ per share)	11.0	9.9	9.9	2.7

Income Statement

	For the nine months ended 30 September		
	2012	*2013*	*2013*
	(QRm)		*(U.S.$m)*
Historical Income Statement Data:			
Continuing operation			
Revenue from wireless services	22,172.7	22,549.3	6,194.8
Revenue from wireline services	2,833.5	3,102.3	852.3
Revenue	25,006.2	25,651.6	7,047.1
Operating expenses	(7,765.1)	(8,376.3)	(2,301.2)
Selling, general and administrative expenses	(5,607.0)	(6,046.7)	(1,661.2)
Depreciation and amortization	(5,590.9)	(5,819.2)	(1,598.7)
Finance costs – net	(1,439.1)	(1,497.7)	(411.5)
Impairment of intangibles and available-for-sale investments	(250.6)	(39.9)	(11.0)
Other income/(expenses) – net	203.5	(566.0)	(155.5)
Share of results of associates	31.0	64.7	17.9
Royalties and fees	(257.8)	(257.1)	(70.6)
Profit before income tax	4,330.2	3,113.4	855.3
Income tax	(719.9)	(447.8)	(123.0)
Profit from continuing operations	3,610.3	2,665.6	732.3
Discontinued operation			
Profit/(loss) from discontinued operation	(20.9)	0.4	0.1
Profit for the period	3,589.4	2,666.0	732.4
Attributable to:			
Shareholders of the parent	2,155.7	2,068.7	568.3
Non-controlling interests	1,433.7	597.3	164.1
Basic and Diluted Earnings (Restated)			
(attributable to equity holders of the parent)			
(expressed in QR and U.S $ per share)	7.4	6.5	1.8

Statement of financial position

	As at 31 December				*As at 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*	*2013*
		(QRm)		*(U.S.$m)*	*(QRm)*	*(U.S.$m)*
Historical statement of financial position:						
Non-current assets						
Property, plant and equipment	32,173.0	33,065.1	32,436.1	8,911.0	31,523.4	8,660.3
Intangible assets and goodwill	33,279.2	36,741.1	34,746.2	9,545.7	31,911.5	8,766.9
Investment property[(1)]	–	–	66.4	18.2	61.7	17.0
Investment in associates	2,126.3	1,731.7	1,873.4	514.7	1,721.9	473.0
Available-for-sale investments	1,862.0	2,189.9	2,633.6	723.5	2,613.0	717.9
Other non-current assets	967.9	910.2	908.2	249.5	881.0	242.0
Deferred tax asset	358.0	286.8	74.6	20.5	62.3	17.1
Total non-current assets	70,766.4	74,924.8	72,738.5	19,983.1	68,774.8	18,894.2
Current assets						
Inventories	316.6	342.6	358.8	98.6	312.5	85.8
Trade and other receivables	4,740.0	5,817.1	6,095.5	1,674.6	6,722.3	1,846.8
Bank balances and cash	25,575.6	21,249.8	15,006.0	4,122.5	16,336.0	4,487.9
Assets held for distribution	–	–	6.5	1.8	–	–
Total current assets	30,632.2	27,409.5	21,466.8	5,897.5	23,370.8	6,420.5
Total assets	101,398.6	102,334.3	94,205.3	25,880.6	92,145.6	25,314.7
Equity						
Share capital	1,466.7	1,760.0	3,203.2	880.0	3,203.2	880.0
Legal reserve	6,494.1	6,494.1	12,434.3	3,416.0	12,434.3	3,416.0
Fair value reserve	50.0	672.9	1,084.5	298.0	1,180.3	324.3
Employment benefit reserve[(1)]	–	–	(111.0)	(30.5)	(111.0)	(30.5)
Translation reserve	1,780.5	1,586.1	757.1	208.0	(1,346.9)	(370.0)
Other statutory reserves	404.6	706.0	825.2	226.7	825.3	226.6
Retained earnings	8,834.2	9,836.7	9,531.4	2,618.5	8,404.6	2,309.0
Attributable to shareholders of the parent	19,030.1	21,055.8	27,724.7	7,616.7	24,589.8	6,755.4
Non-controlling interests	15,196.8	18,337.0	9,006.9	2,474.4	7,294.6	2,004.0
Total equity	34,226.9	39,392.8	36,731.6	10,091.1	31,884.4	8,759.4
Liabilities						
Non-current liabilities						
Interest bearing loans and borrowings	43,742.8	32,072.6	32,018.6	8,796.3	33,252.0	9,135.2
Employee benefits	913.3	801.2	928.4	255.1	939.8	258.2
Deferred tax liability	1,631.8	1,637.8	1,370.1	376.4	924.8	254.1
Other non-current liabilities	3,185.4	1,325.3	2,676.5	735.3	2,261.5	621.2
Total non-current liabilities	49,473.3	35,836.9	36,993.6	10,163.1	37,378.1	10,268.7

Note:

(1) For practical reasons, the restatement is performed for the nine months ended 30 September 2013 with 31 December 2012 year end only.

		As at 31 December			As at 30 September	
	2010	*2011*	*2012*	*2012*	*2013*	*2013*
		(QRm)		*(U.S.$m)*	*(QRm)*	*(U.S.$m)*
Current liabilities						
Interest bearing loans and borrowings	2,518.9	13,850.8	7,307.9	2,007.7	8,065.6	2,215.8
Trade and other payables	10,475.6	11,217.8	10,972.0	3,014.3	12,569.2	3,453.1
Current account with State of Qatar	2,891.2	–	–	–	–	–
Deferred income	1,351.2	1,610.8	1,658.5	455.6	1,774.7	487.6
Income tax payable	461.5	425.2	505.0	138.7	473.6	130.1
Liabilities held for distribution	–	–	36.7	10.1	–	–
Total current liabilities	17,698.4	27,104.6	20,480.1	5,626.4	22,883.1	6,286.6
Total liabilities	67,171.7	62,941.5	57,473.7	15,789.5	60,261.2	16,555.3
Total equity and liabilities	101,398.6	102,334.3	94,205.3	25,880.6	92,145.6	25,314.7

Cash flow statement summary

		Year ended 31 December			For the nine months ended 30 September		
	2010	*2011*	*2012*	*2012*	*2012*	*2013*	*2013*
		(QRm)		*(U.S.$m)*	*(QRm)*	*(QRm)*	*(U.S.$m)*
Cash flow statement data:							
Net cash from operating activities	10,195.4	7,910.2	11,816.8	3,246.3	8,020.9	9,069.2	2,491.5
Net cash used in investing activities	(5,944.5)	(8,181.9)	(6,953.6)	(1,910.3)	3,412.6	(5,817.2)	(1,598.1)
Net cash from/(used in) financing activities	10,007.8	(4,010.4)	(11,326.3)	(3,111.6)	(9,764.1)	(2,579.1)	(708.5)
Net increase/(decrease) in cash and cash equivalents	14,258.7	(4,282.1)	(6,463.1)	(1,775.6)	(5,155.8)	672.9	184.9
Net foreign exchange difference	(187.1)	(224.9)	213.3	58.6	285.7	573.9	157.7
Cash and cash equivalents as at 1 January	11,486.3	25,557.9	21,050.9	5,783.2	21,050.9	14,801.1	4,066.2
Cash and cash equivalents at the end of the year/period	25,557.9	21,050.9	14,801.1	4,066.2	16,180.8	16,047.9	4,408.8

Certain non-IFRS financial information

The non-IFRS financial information on the Group set out in the two tables below has not been prepared in accordance with IFRS and is not subject to audit or review by the independent auditors.

	Year ended 31 December				*For the nine months ended 30 September*		
	2010	*2011*	*2012*	*2012*	*2012*	*2013*	*2013*
		(QRm)		*(U.S.$m)*		*(QRm)*	*(U.S.$m)*
Adjusted EBITDA[1]	12,464.8	14,795.6	15,546.2	4,270.9	11,665.1	11,293.3	3,102.6

Note:

(1) Adjusted EBITDA equals earnings before interest, taxes, depreciation and amortization excluding the effects of royalties and other statutory fees and certain other income and expenses that are considered to be non-operating. Adjusted EBITDA is not a measure of profit for the period, operating performance or liquidity and is not recognised under IFRS. For a discussion of how the Group uses Adjusted EBITDA, see "*Presentation of Financial and Other Information*" and for a reconciliation of Adjusted EBITDA to profit for the period, see "*Selected Historical Consolidated Financial Information of the Group*".

The following table shows the reconciliation of the Group's profit for the period to Adjusted EBITDA for the nine months ended 30 September 2012 and 2013 and the years ended 31 December 2010, 2011 and 2012. For a discussion of Adjusted EBITDA, see "*Presentation of Financial and Other Information – Non-IFRS Measures – Adjusted EBITDA*".

	Year ended 31 December				*For the nine months ended 30 September*		
	2010	*2011*	*2012*	*2012*	*2012*	*2013*	*2013*
		(QRm)		*(U.S.$m)*	*(QRm)*		*(U.S.$m)*
Net profit for the year/period	4,087.9	5,943.2	4,649.7	1,277.4	3,589.4	2,666.0	732.4
Finance cost – net	1,804.4	1,900.5	1,921.0	527.7	1,439.1	1,497.7	411.5
Taxes, royalties and statutory fees[1]	866.4	1,223.2	1,303.4	358.1	977.7	704.9	193.6
Depreciation and amortization	6,317.4	6,989.3	7,702.2	2,116.0	5,590.9	5,819.2	1,598.7
Other income (expense) – net[2]	(611.3)	(1,292.5)	(98.3)	(27.0)	47.1	605.9	166.5
Profit (loss) from discontinued operation	–	31.9	68.2	18.7	20.9	(0.4)	(0.1)
Adjusted EBITDA[3]	12,464.8	14,795.6	15,546.2	4,270.9	11,665.1	11,293.3	3,102.6

Notes:

(1) Comprises income tax, royalties and other statutory fees.

(2) Comprises loss (profit) on disposal of available-for-sale investments, loss (gain) on foreign currency exchange (net) and other income/expense that are considered to be non-operating.

(3) Adjusted EBITDA equals earnings before interest, taxes, depreciation and amortization excluding the effects of royalties and other statutory fees and certain other income and expenses that are considered to be non-operating. Adjusted EBITDA is not a measure of profit for the period, operating performance or liquidity and is not recognised under IFRS. For a discussion of how the Group uses Adjusted EBITDA, see "*Presentation of Financial and Other Information*" and for a reconciliation of Adjusted EBITDA to profit for the period, see "*Selected Historical Consolidated Financial Information of the Group*".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Group's financial condition and results of operations should be read in conjunction with the information in "Selected Historical Consolidated Financial Information", "Business Description of the Group" and the Condensed Consolidated Interim Financial Statements and Consolidated Financial Statements appearing in this Base Prospectus. Prospective investors should read the entire Base Prospectus and not rely solely on the information set out below.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings "Forward-Looking Statements" and "Risk Factors".

Overview

The Group is an international telecommunications company primarily operating mobile telecommunications networks in 15 markets in the MENA, the Asian Subcontinent and the Asia Pacific regions, with a total customer base of approximately 89.6 million as at 30 September 2013. The Group's most significant operations in terms of revenue, when taking into account the Group's percentage ownership of each of its operating companies, are in Qatar (where it operates through Ooredoo), Indonesia (where it operates through Indosat), Kuwait (where it operates through Wataniya) and Iraq (where it operates through Asiacell). Together, these four operations accounted for 72.3 per cent. of the Group's revenue for the nine-month period ended 30 September 2013. The Group believes it has a geographically diverse mobile telecommunications business, with operations in relatively mature markets, such as Qatar and Kuwait and in markets with a potential for high growth, such as Indonesia and Iraq. The Group also operates a number of other telecommunications businesses, which are complementary to its existing GSM businesses, such as cable television services, wireless broadband services, fixed-line telecommunications services and corporate managed services.

The Group has developed its mobile telecommunications businesses primarily by acquiring and developing mobile telecommunications operators with existing network infrastructures (Iraq, Algeria, Kuwait, Tunisia and Maldives in 2007 and Indonesia in 2008). The Group has also sought to expand its business by acquiring licences and developing new networks, for example, in Oman in 2005. In each of the key markets of Qatar, Indonesia, Kuwait and Iraq, it is either the largest or second largest provider of mobile telecommunications services, as measured by the number of customers as at 30 September 2013. Wireless services, which are predominantly related to the Group's mobile telecommunications businesses, contributed 87.9 per cent. to its revenue for the nine-month period ended 30 September 2013.

The following table shows selected financial data for the nine months ended 30 September 2012 and 2013 and the years ended 31 December 2010, 2011 and 2012:

	Year ended 31 December				*For the nine months ended 30 September*		
	2010	*2011*	*2012*	*2012*	*2012*	*2013*	*2013*
		(audited)				*(unaudited)*	
		(QRm)		*(U.S.$m)*	*(QRm)*		*(U.S.$m)*
Consolidated income statement data:							
Revenue from wireless services	23,978.3	28,093.9	29,852.3	8,201.2	22,172.7	22,549.3	6,194.8
Revenue from wireline services	3,398.3	3,651.0	3,861.9	1,060.9	2,833.5	3,102.3	852.3
Total Revenue	27,376.6	31,744.9	33,714.2	9,262.1	25,006.2	25,651.6	7,047.1
Profit for the year/period	4,087.9	5,943.2	4,649.7	1,277.4	3,589.4	2,666.0	732.4
Shareholders of the parent	2,887.8	2,605.6	2,943.7	808.7	2,155.7	2,068.7	568.3
Non-controlling interests	1,200.1	3,337.6	1,706.0	468.7	1,433.7	597.3	164.1

Note:

(1) For a discussion on the decrease in profit for the nine months ended 30 September 2013 compared to the nine months ended 30 September 2012, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – ARPU*". ARPU data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

The following table shows selected other data for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013:

	Year ended 31 December				*For the nine months ended 30 September*		
	2010	*2011*	*2012*	*2012*	*2012*	*2013*	*2013*
		(QRm)		*(U.S.$m)*	*(QRm)*		*(U.S.$m)*
Adjusted EBITDA[1]	12,464.8	14,795.6	15,546.2	4,270.9	11,665.1	11,293.3	3,102.6
Total number of customers (in thousands)[2]	74,139.8	83,352.0	92,907.2		89,172.9	89,588.8	

Notes:

(1) Adjusted EBITDA equals earnings before interest, taxes, depreciation and amortisation excluding the effects of royalties and other statutory fees and certain other income and expenses that are considered to be non-operating. Adjusted EBITDA is not a measure of profit for the period, operating performance or liquidity and is not recognised under IFRS. For a discussion of how the Group uses Adjusted EBITDA, see "*Presentation of Financial and Other Information*" and for a reconciliation of Adjusted EBITDA to profit for the period, see "*Selected Historical Consolidated Financial Information*".

(2) Each of the Group's operating companies calculates the number of its customers differently. For a discussion of how the Group's operating companies calculate customer numbers, see "*Presentation of Financial and Other Information*". Customer number data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

The table below provides certain information in relation to the Group's four principal markets of Qatar, Indonesia, Kuwait and Iraq for the nine months ended 30 September 2013 and the year ended 31 December 2012.

Market	*Group Effective Shareholding As of 30 September 2013*	*Revenue for the year ended 31 December 2012*	*Revenue for the year ended 31 December 2012*	*Revenue for the nine months ended 30 September 2013*	*Revenue for the nine months ended 30 September 2013*	*Percentage of Group's consolidated revenue for the year ended 31 December 2012*	*Percentage of Group's consolidated revenue for the nine months ended 30 September 2013*	*Number of customers as at 30 September 2013*
				(unaudited)			*(unaudited)*	
		(QRm)	*(U.S.$m)*	*(QRm)*	*(U.S.$m)*			*(thousands)*
Qatar	100.0%	6,220.1	1,708.8	4,860.3	1,335.2	18.4	18.9	2,821.2
Indonesia	65.0%	8,804.0	2,418.7	6,458.5	1,774.3	26.1	25.2	53,898.1
Kuwait	92.1%	2,880.3	791.3	1,916.5	526.5	8.5	7.5	1,913.1
Iraq	64.1%	6,878.1	1,889.6	5,309.5	1,458.7	20.4	20.7	10,602.8

The Group's operations in these four principal markets generated QR18,544.8 million (U.S.$5,094.7 million), or 72.3 per cent., of the Group's consolidated revenue for the nine-month period ended 30 September 2013 and contributed 77.2 per cent. of its customers as at 30 September 2013.

Current Trading and Recent Developments

The Group continually seeks to develop innovative products and services that address the particular needs of the individual markets in which it operates. These initiatives are part of the Group's continuous effort to provide customers with technologically advanced and value-added telecommunications and information services, such as mobile and fixed broadband services, in a cost-effective manner.

The Group is focused on improving its operational performance by: continuing to (i) identify and leverage operational and financial synergies across the Group; (ii) engage in product development and innovation activities; and (iii) utilise the experience of its management team to continue to build and manage a diversified and balanced portfolio of telecommunications businesses in emerging markets. Specifically, the Group is focused on increasing its wireless services revenues from the Group's operations primarily in Iraq, Indonesia, and other developing markets by improving its network quality and services. Ooredoo expects to

invest approximately QR625.0 million (U.S.$171.7 million) on capital expenditures in connection with the first phase of development of a National Broadband Network in Qatar, in line with the National ICT Plan 2015 published by ictQATAR. The eventual total cost of the project is estimated at approximately QR1.0 billion (U.S.$274.7 million).The Group expects that most of its capital expenditures in the near future will be related to expanding, developing and improving its networks, including in Qatar, Indonesia and Iraq. The Group is also focused on actively controlling its costs to improve its profit margins, as part of an ongoing cost optimisation programme being implemented across all operations.

The Group is focused on expansion within the MENA, the Asian Subcontinent and the Asia Pacific regions. At present, the Group's business includes a diverse mix of relatively mature markets (for example, Qatar and Kuwait) and emerging markets (for example Iraq and Indonesia). This combination of established and emerging markets is intended to allow the Group to take advantage of the historically stable returns on equity in lower-risk relatively established markets and the potential for greater returns on equity in higher risk emerging markets. In addition, the Group believes that its strategic focus on three diverse geographic regions allows it to reduce the risk to it of economic downturns in any single region.

In Indonesia and Iraq, average market penetration levels have increased rapidly in recent years. For example, as at 30 September 2013, mobile penetration rates were approximately 120 per cent. in Indonesia and 86 per cent. in Iraq, compared to 106 per cent. and 80 per cent., respectively, as at 30 September 2012. These increasing levels of penetration, coupled with the high population growth rates in these markets, provide a potential revenue growth opportunity for the Group. In addition, in each of four principal markets of Qatar, Indonesia, Kuwait and Iraq, it is the largest or second largest provider of telecommunications services as measured by customer numbers. The Group's strategic plan aims to improve or stabilise (as the case may be) its position in these markets through improved network capacity, customer service and quality of service, and by providing more value added services. The Group believes that future growth in high penetration markets such as Qatar will come from the mobile, corporate managed services and broadband markets and will require enhanced products and services as well as high levels of quality and services. The Group has established forums for the executives and boards of directors of the Group's subsidiaries to meet and discuss best practices and strategic plans for expansion of their respective businesses.

Factors Affecting Financial Condition and Results of Operations

Overview

The Group generates most of its revenues from the provision of mobile telecommunications services. The Group's mobile telecommunications businesses account for most of the Group's wireless services revenues, which contributed 87.9 per cent. to the Group's revenue for the nine-month period ended 30 September 2013, compared to 88.7 per cent. for the nine month period ended 30 September 2012. The Group generates revenues from its fixed-line telecommunications services in Qatar, Indonesia and Oman and from fixed broadband services, offered primarily in Qatar. Revenue from wireline services contributed 12.1 per cent. to the Group's revenue for the nine-month period ended 30 September 2013, compared to 11.3 per cent. for the nine-month period ended 30 September 2012.

Wireless services

The Group generates most of its wireless services revenues from the provision of mobile telecommunication services to its customers. The Group's mobile telecommunications services revenues are primarily affected by the number of mobile customers it has, churn and ARPU, each of which varies significantly across the markets in which the Group operates. Mobile customer growth in any particular market depends on a number of factors, including pricing, quality of service, availability of new services, the overall growth of the market, the level of competition to obtain new customers and retain existing ones and general economic conditions. The Group believes that many of the markets in which it operates have not yet reached the point of saturation, unlike the wireless markets in Europe, for example. The ability of each of the Group's operating companies to increase its mobile customer base also depends increasingly on its success in providing competitive services and attractive products, its ability to attract new mobile customers and to acquire existing customers from competitors and its success in reducing churn. ARPU is driven primarily by traffic volume, data services utilisation, interconnection rates and tariffs. Tariffs in turn are mainly driven by the competitive and

the regulatory environments. The Group believes that future ARPU growth will be primarily driven by growth in voice usage, data services and value-added services and will be offset by declining tariffs and interconnection rates. In addition, as markets mature and penetration increases, the incremental revenue expected from marginal customers tends to be lower, and so ARPU in maturing markets tends to fall.

Each of the Group's operating companies calculates its churn and ARPU differently and thus such data is not directly comparable. For a discussion of the methods by which the Group's mobile telecommunications operating companies calculate the number of their respective customers, churn and ARPU, see "*Presentation of Financial and Other Information*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Factors Affecting Financial Condition and Results of Operations*".

Wireline services

The Group offers fixed-line telecommunications services in Qatar, Indonesia and Oman. These services include direct exchange services in Qatar, international long-distance, cable television, satellite leasing and fixed internet services.

The following is a discussion of the most significant factors that have affected, or are expected to affect, the Group's financial condition and results of operations.

International acquisitions

Growth through the acquisition of existing telecommunications providers has been the primary driver of the Group's growth in its operations. Generally, the Group's acquisition strategy has involved identifying and acquiring assets, either in the form of companies with existing networks or licences to operate a network, in target markets and then investing to increase their efficiency and improve both coverage and capacity. Although acquisitions of companies with existing networks generally allow for the rapid expansion of capacity and immediate generation of cash flow, they often require a greater capital investment than would typically be necessary to achieve organic growth. For example, the Group incurred a significant amount of capital expenditures in 2011 and 2012 in order to improve network coverage and quality of its operations in Indonesia, and during 2013 in respect of its operations in Kuwait. In addition, acquisitions involve risks inherent in identifying and assessing the value, strengths and weaknesses of acquisition targets, as well as the potential for significant integration and efficiency improvement costs. Significant capital expenditures and risks are also involved when the Group acquires a licence to operate and is required to build its own network, as it did, for example, in Oman in 2005 when it became the first operator to compete with the majority state-owned incumbent provider of telecommunication services.

From 2011 onwards, the Group increased its existing interest in various of its subsidiaries and associates, the most notable of which were as follows:

- In January 2011, Wataniya increased its direct shareholding in Tunisiana from 50.0 per cent. to 75.0 per cent., as part of a consortium with a third party. Following completion of the Group's tender offer in Wataniya in October 2012, the Group's indirect shareholding in Tunisiana increased to 69.1 per cent. In December 2012, the Group purchased a 15.0 per cent. direct shareholding in Tunisiana, as a result of which Ooredoo's direct and indirect shareholding in Tunisiana increased from 69.1 per cent. to 84.1 per cent. Tunisiana contributed 7.4 per cent. of the Group's revenue for the nine-month period ended 30 September 2013 and 8.2 per cent. of its customers as at 30 September 2013.
- In November 2011, Asia Mobile Holdings, an investment company jointly owned between Ooredoo and Singapore Technologies Telemedia, acquired a further 7.5 per cent. of StarHub, increasing its direct shareholding to 56.6 per cent. and the Group's indirect shareholding to 14.1 per cent.
- In June 2012, Ooredoo increased its economic interest in Asiacell to 53.9 per cent. In February 2013, Asiacell completed its initial public offering, representing 25.0 per cent. of its share capital, as a result of which the Group's economic interest in Asiacell increased to 64.1 per cent.
- In October 2012, Ooredoo completed a tender offer to acquire all of the remaining issued shares of Wataniya. Following the completion of this tender offer, Ooredoo increased its direct shareholding in Wataniya to 92.1 per cent.

The Group's revenues, customers and assets have increased steadily from 2011 onwards due to organic growth, coupled with the Group increasing its stakes in certain of its existing subsidiaries and associates. The Group's revenue for the nine-month period ended 30 September 2013 was QR25,651.6 million (U.S.$7,047.1 million), a 2.6 per cent. increase from QR25,006.2 million (U.S.$6,869.8 million) for the nine-month period ended 30 September 2012. In addition, the Group's revenue for the year ended 31 December 2012 was QR33,714.2 million (U.S.$9.262.1 million), a 6.2 per cent. increase from QR31,744.9 million (U.S.$8,721.1 million) for the year ended 31 December 2011. This increase was partly attributable to an increase in customer numbers.

In addition, although liberalisation of the telecommunications markets (for example, the opening of Oman's markets, which enabled the Group to establish Omani Qatari Telecommunications Company S.A.O.G. ("**Nawras**") in 2005) provides an opportunity for the Group to expand into new markets, it also exposes the Group and its operating companies to greater levels of competition, which could have a negative impact on the Group's profitability, particularly in light of the relatively higher levels of profit margin experienced by the Group's Qatari operations compared to its operations outside Qatar. For example, for the nine-month period ended 30 September 2013, the Group's Qatari operations generated revenue and profit of QR4,860.3 million (U.S.$1,335.2 million) and QR1,014.9 million (U.S.$278.8 million), respectively, reflecting a profit margin of 20.9 per cent., compared to revenue and profit of QR20,791.3 million (U.S.$5,711.9 million) and QR1,651.1 million (U.S.$453.6 million), respectively, for the Group's operations outside Qatar, reflecting a profit margin of 7.9 per cent.

The Group will continue to consider and review potential acquisition targets, if and when they present themselves, as a strategic means of entering new markets within the regions in which it operates, increasing its customer numbers and expanding its capacity.

Customer base

The Group had approximately 89.6 million total customers as at 30 September 2013, a 0.5 per cent. increase compared to approximately 89.2 million total customers as at 30 September 2012. This increase was primarily attributable to an increase in subscribers in Qatar, Iraq, Tunisia and Algeria, although these increases were offset by a decrease in subscribers in Indonesia and Kuwait.

The table below shows mobile customer information in relation to the Group's principal mobile telecommunications businesses as at the dates indicated.

	Number of Prepaid Mobile Customers				*Number of Postpaid Mobile Customers*			
	As at 31 December			*As at 30 September*	*As at 31 December*			*As at 30 September*
	2010	*2011*	*2012*	*2013*	*2010*	*2011*	*2012*	*2013*
	(in thousands)				*(in thousands)*			
Qatar	1,791.4	1,726.6	1,822.3	2,087.4	261.2	270.5	291.1	317.5
Indonesia	43,170.1	50,525.0	57,871.9	53,036.7	565.5	655.6	592.7	742.2
Kuwait	1,439.3	1,623.1	1,663.8	1,571.4	231.4	230.1	295.3	308.5
Iraq	8,130.5	8,978.7	10,029.7	10,602.8	–(1)	–(1)	–(1)	–(1)
Group	70,421.3	79,584.4	89,092.1	85,338.3	2,015.3	2,228.0	2,796.3	3,330.2

Note:

(1) The Group offers limited postpaid services in Iraq.

An increase in the number of its customers has been a significant factor in the growth of the Group's mobile telecommunications revenues during the years under review. In addition, demand for consumer mobile voice and data services throughout the markets in which the Group operates, expansion of its mobile network and capacity, improvement in network quality, and the Group's marketing efforts to attract new customers have led to growth in the Group's revenues. The number and usage behaviour of new mobile customers in each market varies, depending in part on the pricing packages the Group offers in such markets during a particular period relative to those offered by its competitors.

As the market penetration for mobile customers in regions in which the Group operates increases, the average usage levels of new customers declines. Several factors have contributed to this trend, including

increased usage of internet-based messaging services such as Whatsapp, Viber and Facebook, rather than voice services, and the various tariff packages the Group has offered to attract such new customers. Many new consumer mobile customers are either young retail customers or low income customers, some of whom typically use data services heavily, but generate less mobile voice traffic than the Group's existing mobile customers. Such consumer mobile customers typically have higher price sensitivity and are more likely to switch telecommunications operators based on price and promotional factors.

Churn

"**Churn**" refers to how the Group measures mobile customer disconnections. Customer disconnections can occur on a voluntary basis, when customers switch to competing telecommunications operators which can be caused by a number of factors, such as pricing, the availability of data and value-added service offerings and quality of service. Customer disconnections also occur when a customer decides that it no longer requires, or cannot afford, mobile telecommunications services, or through termination by the Group.

The Group has generally experienced relatively stable churn in Qatar. The introduction of mobile number portability services in Qatar in 2013 has resulted in customers having greater incentive to switch providers, although this has so far been favourable to Ooredoo as more subscribers have ported to Ooredoo than have ported out since the introduction of the service. In contrast, the introduction of mobile number portability services Kuwait in 2013 has resulted in more subscribers porting away from Wataniya than have ported in since the introduction of the service. The Group believes that the churn rate outside Qatar during the periods under review was relatively high primarily due to the high turnover rate endemic to its pre-paid markets and to customers switching to other operators as a result of promotional offers.

As each of the Group's operating companies calculate churn differently, the Group does not present in this Base Prospectus its churn rate on a consolidated basis and thus these figures are not directly comparable. For a description of how the Group's four principal operations calculate churn, see "*Presentation of Financial and Other Information – Industry, Market and Customer Data – Customers*".

ARPU

In addition to customer numbers, the revenue generated by the Group's mobile telecommunications services is influenced by the amount of revenue generated by each of those customers. ARPU is the measure of total service revenues for a given period, divided by the number of months in that period and divided again by that period's average total customers. ARPU includes outgoing and incoming voice and data revenues, value-added services (such as digital content) and roaming revenues. In addition, blended ARPU is the weighted average of prepaid and postpaid customer ARPU's of wireless services.

As each of the Group's operating companies calculate ARPU differently, the Group does not present in this Base Prospectus its ARPU on a consolidated basis and thus these figures are not directly comparable. For a description of how the Group's four principal operations calculate ARPU, see "*Presentation of Financial and Other Information – Industry, Market and Customer Data – ARPU*".

Demographic and economic trends

The Group's revenues are driven by overall market demand for mobile telecommunications services in the markets the Group serves, which is in turn directly affected by a number of macroeconomic and other trends. In particular, demand for the Group's services depends primarily on a number of demographic and economic factors, all of which are outside of its control, in particular population growth and GDP.

The demographic and economic dynamics affecting the Group's business vary substantially across the markets in which it operates. In addition, a number of these dynamics, such as population growth and GDP, can differ significantly between individual countries within a region.

These factors can vary significantly from period to period and do vary significantly from country to country and region to region and have historically impacted the Group's results of operations. Future changes in these demographic and economic factors could have a material effect on the Group's business, financial condition, results of operations or prospects.

Competition in the markets in which the Group operates

The Group faces intensifying competition in the markets in which it operates, both from existing competitors and new telecommunications services providers. Increasing competition has also led, in certain markets, to declines in the prices the Group is able to charge for its services and may lead to further price declines in the future.

For example, the profitability of the Group's Qatari operations has in the past been driven in large part by the provision of telecommunications services in Qatar. However, the Group ceased to be the only provider of mobile telecommunications services in March 2009 when Vodafone Qatar launched commercial operations on a limited basis and began providing mobile telecommunications services. For example, as at 30 September 2013, Vodafone Qatar had 33 per cent. of the cellular customer market share in Qatar, compared to 29 per cent. as at 30 September 2012. The increased market share held by Vodafone Qatar negatively affected Ooredoo's ARPU in Qatar in 2011, 2012 and the first nine months of 2013.

In Indonesia, Telkomsel and XL Axiata are the main competitors to Indosat's operations; in Iraq, Zain and Korek Telecom are the main competitors to Asiacell's operations; and in Kuwait, Zain and Viva are the main competitors to Wataniya's operations. Competition from these companies has historically resulted in a reduction in the Group's tariffs in those markets due to increased promotional offers and the incurrence of additional costs by the Group to maintain its customer base in and to maintain revenues from those markets.

Network development and maintenance

Growth in the Group's revenue has been partially driven by expansion of capacity in its existing networks and the increase in coverage across the markets in which the Group operates, in addition to improvements in network quality. The Group's strategy is to increase its capacity in targeted regions if it believes that there is or will be demand in that region for its telecommunications services. When the Group makes decisions with respect to capacity development it also considers whether the expansion in areas for which coverage is provided will have a significant impact on its ability to attract new customers and retain existing customers. The Group plans to make significant investments to expand its services and improve their quality over the next two years, particularly in Indonesia, Kuwait, Iraq and Algeria. For instance, the Group plans to incur significant capital expenditures in Indonesia and Kuwait to increase its network capacity and coverage in order to enhance its competitiveness in those markets. For a discussion of the Group's capital expenditures, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flow – Capital Expenditures*" below.

Royalties and fees

Qatar

In accordance with a Decree by the Minister of Economy and Finance of Qatar in March 2010 and under its operating licence granted by ictQATAR, the Group is liable to pay to ictQATAR an annual industry fee of 12.5 per cent. on adjusted net profit and an annual licence fee of 1.0 per cent. on net revenue from regulated activities generated from Ooredoo's operations in Qatar.

Oman

In accordance with the terms of the licence granted to Nawras to operate wireless telecommunications services in Oman, a royalty is payable to the Government of Oman, effective from March 2005, calculated based on 7.0 per cent. of the net of pre-defined sources of revenue and operating expenses.

Kuwait

Contributions by Wataniya to the Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and Zakat are recognised as expenses in the period during which the Group's contribution is legally required.

Critical Accounting Policies and Estimates

The preparation of Ooredoo's consolidated financial statements in conformity with IFRS requires it to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Those judgments, estimates and assumptions are based on historical experience, available information, future expectations and other factors and assumptions that Ooredoo believes are reasonable under the circumstances. Ooredoo reviews its estimates and underlying assumptions on an ongoing basis and revises them when necessary. Ooredoo has identified below those of its accounting policies that it believes could potentially produce materially different results if it were to change its underlying assumptions, estimates and judgments. Actual results may differ from the original or revised estimates. Summaries of Ooredoo's significant accounting policies are contained in Note 3, "*Significant accounting policies*" of the Notes to the consolidated financial statements for 2012, and Notes 2 and 3, "*Basis of preparation*" and "*Significant accounting policies*" of the Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2013.

Revenue

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

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

Revenue from rendering of services

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

Interconnection revenue

Revenues from network interconnection with other domestic and international telecommunications carriers are recognised based on the actual recorded traffic minutes.

Sales of prepaid cards

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

Sales of equipment

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

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value as at the acquisition date and the amount of any non-controlling interest in the acquired company. For each business combination, the acquirer measures the non-controlling interest in the acquired company either at fair value or at the proportionate share of the acquired company's identifiable net assets. Acquisition costs incurred are

expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts executed by the acquired company If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquired company is remeasured to fair value at the acquisition date through the consolidated income statement. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either as profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired company; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquired company; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the acquired company, the difference is recognised in profit or loss. 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 the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired company are assigned to those units. Where goodwill forms part of a cash-generating unit 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 operation disposed of and the portion of the cash generating unit retained. Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

- capitalised 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 profit or loss.

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 income statement as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis in 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.

Intangible assets

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 income statement in the year in which the expenditure is incurred.

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

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 are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are 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 income statement in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Taxation

Some of the Group's subsidiaries and associates are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

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

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

Deferred income tax

Deferred income tax is provided using the liability method 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.

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.

Results of operations

The following table sets forth selected condensed consolidated income statement data for the nine-month periods ended 30 September 2012 and 2013:

	For the nine months ended 30 September		
	2012	*2013*	*2013*
		(unaudited)	
	(QRm)		*(U.S.$m)*
Continuing operation			
Revenue from wireless services	22,172.7	22,549.3	6,194.8
Revenue from wireline services	2,833.5	3,102.3	852.3
Revenue	25,006.2	25,651.6	7,047.1
Operating expenses	(7,765.1)	(8,376.3)	(2,301.2)
Selling, general and administrative expenses	(5,607.0)	(6,046.7)	(1,661.2)
Depreciation and amortisation	(5,590.9)	(5,819.2)	(1,598.7)
Finance costs – net	(1,439.1)	(1,497.7)	(411.5)
Impairment of intangibles and available-for-sale investments	(250.6)	(39.9)	(11.0)
Other income/(expenses) – net	203.5	(566.0)	(155.5)
Share of results of associates	31.0	64.7	17.9
Royalties and fees	(257.8)	(257.1)	(70.6)
Profit before income tax	4,330.2	3,113.4	855.3
Income tax	(719.9)	(447.8)	(123.0)
Profit from continuing operations	3,610.3	2,665.6	732.3
Discontinued operation			
Profit/(loss) from discontinued operation	(20.9)	0.4	0.1
Profit for the period	3,589.4	2,666.0	732.4
Attributable to:			
Shareholders of the parent	2,155.7	568.3	568.3
Non-controlling interests	1,433.7	597.3	164.1

Comparison of the nine-month period ended 30 September 2013 with the nine-month period ended 30 September 2012

Revenue

The Group derives most of its revenue from providing mobile telecommunications services to its customers. It provides such services in each of the markets in which it operates. Mobile telecommunications services revenue principally arises from initial connection fees, prepaid cards, monthly subscription fees and airtime usage fees, as well as interconnection fees and roaming fees. The Group also generates revenues from providing internet services, international gateway services and other miscellaneous services.

The Group's revenue for the nine-month period ended 30 September 2013 was QR25,651.6 million (U.S.$7,047.1 million) compared to QR25,006.2 million (U.S.$6,869.8 million) for the nine-month period ended 30 September 2012, an increase of 2.6 per cent. This increase in revenues was primarily due to an increase in revenue from the Group's operations in Qatar, Oman and Iraq.

Wireless Services: Most of the Group's wireless services revenue is derived from providing mobile telecommunications services to its customers. In the nine-month period ended 30 September 2013, the Group derived revenues of QR22,549.3 million (U.S.$6,194.8 million) (87.9 per cent. of its total revenue) from providing wireless services compared to revenues of QR22,172.7 million (U.S.$6,091.4 million) for the nine-month period ended 30 September 2012, an increase of 1.7 per cent. This increase in wireless services revenues was primarily due to the above-mentioned increase in revenues from the Group's operations in Iraq, which is derived solely from wireless services, and the increase in wireless revenues from the Group's operations in Qatar.

Wireline Services: The Group's wireline services business consists primarily of its consumer broadband and fixed-line telephone services. In the nine-month period ended 30 September 2013, the Group derived revenues of QR3,102.3 million (U.S.$852.3 million) (12.1 per cent. of its total revenue) from providing wireline services compared to revenues of QR2,833.5 million (U.S.$778.4 million) for the nine-month period ended 30 September 2012, an increase of 9.5 per cent. This increase in wireline services revenues was primarily due to increases in customers in the Group's operations in Qatar and Oman.

Analysis of the Group's principal geographic markets: The following table sets forth the Group's revenue for the nine-month periods ended 30 September 2012 and 2013, together with ARPU and customer numbers as at 30 September 2013 from each of its principal geographic markets, as well as for the Group itself.

	Revenue for the nine months ended 30 September			*As at 30 September 2013*	
	2012	*2013*	*2013*	*ARPU[1] (blended)[3]*	*Customer numbers[2]*
				(Unaudited)	
	(QRm)		*(U.S.$m)*	*(QR)*	*(in thousands)*
Qatar	4,644.6	4,860.3	1,335.2	124.0	2,821.2
Indonesia	6,444.7	6,458.5	1,774.3	9.7	53,898.1
Kuwait	2,249.5	1,916.5	526.5	87.1	1,913.1
Iraq	5,040.5	5,309.5	1,458.7	56.7	10,602.8
Group	25,006.2	25,651.6	7,047.1	–[4]	89,588.8

Notes:

(1) For the three months ended 30 September 2013 for wireless services. ARPU, with respect to the four operations presented, is calculated on different bases and is thus not directly comparable. For a discussion of the differences in the calculation of ARPU for these four operations, see "*Presentation of Financial and Other Information – Industry, Market and Customer Data – ARPU*". ARPU data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

(2) As at 30 September 2013, includes both wireless and wireline customers. The customer data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

(3) Blended ARPU is the weighted average of prepaid and postpaid customer ARPUs of wireless services.

(4) The Group does not calculate ARPU on a consolidated basis.

The majority of the Group's revenue (72.3 per cent.) is derived from its operations in Qatar, Indonesia, Kuwait and Iraq.

Revenues for the Group's operations in Qatar increased by 4.6 per cent. for the nine-month period ended 30 September 2013 compared to the nine-month period ended 30 September 2012, primarily due to an increase in wireline revenue and mobile postpaid revenue arising from an increase in customer numbers.

Revenue for the Group's operations in Kuwait decreased by 14.8 per cent for the nine-month period ended 30 September 2013 compared to the nine-month period ended 30 September 2012. During this period, Wataniya implemented a complete modernisation of its network infrastructure, which adversely impacted service quality. In addition, mobile number portability was introduced in Kuwait in the second quarter of 2013, resulting in intensified competitive activity. To attract and retain customers, Wataniya implemented aggressive promotions during the third quarter of 2013. The combination of inferior quality of service, intense competitive activity associated with the introduction of mobile number portability, and aggressive promotions resulted in reduction of revenues for Wataniya during this period. The network modernisation program was completed by the end of the third quarter of 2013, following which Wataniya returned to normal competitive marketing activity.

Revenue for the Group's operations in Iraq increased by 5.3 per cent. for the nine-month period ended 30 September 2013 compared to the nine-month period ended 30 September 2012, primarily due to an increase in customer numbers.

Operating expenses

Operating expenses are mainly comprised of outpayments, interconnection charges (to other operators in the same markets), cost of equipment sold, leased circuit network costs, rental, utilities, regulatory fees, repairs and maintenance costs. In the nine-month period ended 30 September 2013, the Group's operating expenses amounted to QR8,376.3 million (U.S.$2,301.2 million) compared to QR7,765.1 million (U.S.$2,133.3 million) for the nine-month period ended 30 September 2012, an increase of 7.9 per cent. This increase was primarily due to increases in interconnection charges, network site rentals, regulatory fees and cost of equipment sold and other services as a result of organic growth across the Group.

Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of employee costs including salaries and end-of-service benefits, marketing costs, commissions on SIM cards and legal and other professional fees. In the nine-month period ended 30 September 2013, the Group's selling, general and administrative expenses amounted to QR6,046.7 million (U.S.$1,661.2 million) compared to QR5,607.0 million (U.S.$1,540.4 million) for the nine-month period ended 30 September 2012, an increase of 7.8 per cent. This increase was primarily due to increases in salaries and associated costs as a result of organic growth and costs associated with the rollout of the Group's new brand.

Depreciation and amortisation

In the nine-month period ended 30 September 2013, depreciation and amortisation was QR5,819.2 million (U.S.$1,598.7 million) compared to QR5,590.9 million (U.S.$1,536.0 million) for the nine-month period ended 30 September 2012, an increase of 4.1 per cent. This increase was primarily due to higher depreciation on fixed assets, which is reflected in terms of increased investment in capital expenditure predominantly for the expansion of the coverage, capacity and quality of the Group's telecommunication networks and reassessment of the useful life of certain assets of Indosat. In September 2012, following proposals to upgrade its network in order to fully utilise its 900 MHz frequency channel for 3G services, Indosat reassessed the useful life of its cellular technical equipment from 10 years to 8 years.

Finance costs – net

Finance costs – net consist of interest on the Group's debt reduced by interest income earned. For the nine-month period ended 30 September 2013, the Group's finance costs – net amounted to QR1,497.7 million (U.S.$411.5 million) compared to QR1,439.1 million (U.S.$395.4 million) for the nine-month period ended

30 September 2012, an increase of 4.1 per cent. This increase was primarily due to lower interest income earned on deposits compared to the previous period on account of utilisation of deposits to repay a U.S.$3 billion term loan in August 2012, which incurred a lower interest cost compared to the interest income being earned on these deposits.

Impairment of intangibles and available-for-sale investments

For the nine-month period ended 30 September 2013, the Group recorded impairment of intangibles and available-for-sale investments of QR39.9 million (U.S.$11.0 million) compared to QR250.6 million (U.S.$68.8 million) for the nine-month period ended 30 September 2012, a decrease of 84.1 per cent. This decrease was primarily due to lower impairment recorded in 2013 compared to the year 2012 where the Group recorded impairments in certain non-core assets, principally the Group's operations in Saudi Arabia and Pakistan.

Other income (expenses) – net

Other income (expenses) – net is comprised mainly of dividend income, rental income, gain or loss in fair value of derivatives, foreign exchange gain or loss and other miscellaneous income. In the nine-month period ended 30 September 2013, other expenses were QR566.0 million (U.S.$155.5 million) compared to other income of QR203.5 million (U.S.$55.9 million) for the nine-month period ended 30 September 2012. This change was primarily due to foreign exchange losses reported in 2013, principally from Indosat. A number of emerging market currencies, including the Indonesian rupiah, saw declines during the second half of 2013, partly as a result of market uncertainty with respect to US Federal Reserve's quantitative easing policy. The change in other income (expenses) – net was also partly a result of the one-off gain recognised in 2012 on a tower sale and leaseback transaction by Indosat.

Royalties and fees

Royalties and fees comprise those royalties and fees payable in Qatar and Oman in connection with the terms and conditions of the Group's licences to operate in those countries and Kuwait statutory fees. For the nine-month period ended 30 September 2013, royalties and fees payable amounted to QR257.1 million (U.S.$70.6 million) compared to QR257.8 million (U.S.$70.8 million) for the nine-month period ended 30 September 2012, a marginal decrease of 0.3 per cent.

Profit for the period

The Group's profit for the nine-month period ended 30 September 2013 was QR2,666.0 million (U.S.$732.4 million) compared to QR3,589.4 million (U.S.$986.1 million) for the nine-month period ended 30 September 2012, a decrease of 25.7 per cent. This decrease was primarily due to the foreign exchange losses reported in 2013, principally from Indosat, and the gain recognised on the tower sale and leaseback transaction by Indosat in 2012. The decrease in profit was partially offset by lower impairment of intangibles and available-for-sale investments for the nine-month period ended 30 September 2013 compared to the nine-month period ended 30 September 2012.

During the nine-month period ended 30 September 2013, Iraq was the most profitable operation for the Group, followed by operations in Qatar, Algeria and Tunisia. In contrast, challenging competitive dynamics during this period negatively impacted the profitability of the Group's operations in Kuwait.

For a breakdown of segment revenue and profitability, see Note 19 "*Segment Information*" to the condensed consolidated interim financial statements for the nine months ended 30 September 2013.

Comparison of the years ended 31 December 2010, 2011 and 2012

The following tables sets forth selected consolidated income statement data for the years ended 31 December 2010, 2011 and 2012:

		Year ended 31 December		
	2010	*2011*	*2012*	*2012*
		(QRm)		*(U.S.$m)*
Continuing operation				
Revenue from wireless services	23,978.3	28,093.9	29,852.3	8,201.2
Revenue from wireline services	3,398.3	3,651.0	3,861.9	1,060.9
Revenue	27,376.6	31,744.9	33,714.2	9,262.1
Operating expenses	(8,734.6)	(9,438.1)	(10,508.7)	(2,887.0)
Selling, general and administrative expenses	(6,047.6)	(7,454.4)	(7,693.9)	(2,113.7)
Depreciation and amortisation	(6,317.4)	(6,989.3)	(7,702.2)	(2,116.0)
Finance costs – net	(1,804.4)	(1,900.5)	(1,921.0)	(527.7)
Impairment of intangibles and available-for-sale investments	(46.3)	(221.5)	(427.4)	(117.4)
Gain on previously held interest in an acquired subsidiary	–	1,442.8	–	–
Other income/(expenses) – net	657.6	71.2	525.7	144.4
Share of results of associates	(129.6)	(56.8)	34.6	9.5
Royalties and fees	(320.8)	(312.2)	(327.9)	(90.1)
Profit before income tax	4,633.5	6,886.1	5,693.4	1,564.1
Income tax	(545.6)	(911.0)	(975.5)	(268.0)
Profit from continuing operations	4,087.9	5,975.1	4,717.9	1,296.1
Discontinued operation				
(Loss) from discontinued operation	–	(31.9)	(68.2)	(18.7)
Profit for the year	4,087.9	5,943.2	4,649.7	1,277.4
Attributable to:				
Shareholders of the parent	2,887.8	2,605.6	2,943.7	808.7
Non-controlling interests	1,200.1	3,337.6	1,706.0	468.7

Revenue

The Group's revenue for the year ended 31 December 2012 was QR33,714.2 million (U.S.$9,262.1 million) compared to QR31,744.9 million (U.S.$8,721.1 million) for the year ended 31 December 2011, an increase of 6.2 per cent. Revenue for the year ended 31 December 2011 increased by 16.0 per cent., from QR27,376.6 million (U.S.$7,521.0 million) for the year ended 31 December 2010.

The increase in revenue in 2012 compared to 2011 was primarily due to an increase in revenue from the Group's operations in Iraq, Qatar and Indonesia.

The increase in revenue in 2011 compared to 2010 was primarily due to inclusion of a full year of revenue from operations in Tunisia since the Group increased its stake in Tunisiana in January 2011, compared to the 50.0 per cent. proportionate revenue recognised in the prior year. In addition, there was an increase in revenue from wireless services in Iraq, Indonesia and Kuwait.

Wireless Services: The Group derived QR29,852.3 million (U.S.$8,201.2 million) (88.5 per cent. of its total revenue), for the year ended 31 December 2012 from its wireless services, as compared to revenue of QR28,093.9 million (U.S.$7,718.1 million) (88.5 per cent. of its total revenue) for the year ended 31 December 2011, an increase of 6.3 per cent. The Group's revenues from wireless services for the year ended 31 December 2011 increased by 17.2 per cent., from QR23,978.3 million (U.S.$6,587.4 million) (87.6 per cent. of its total revenue) for the year ended 31 December 2010.

The increase in wireless services revenues in 2012 was primarily due to organic growth in customer numbers arising in the principal markets of Iraq, Indonesia and Qatar.

The increase in wireless revenue in 2011 compared to 2010 was primarily due to inclusion of a full year of revenue from Tunisia since the Group increased its stake in January 2011 compared to the 50 per cent. proportionate revenue recognised in the prior year, in addition to organic growth in customer numbers in most of the markets in which the Group operates, which was offset in part by a reduction in ARPU in certain markets in which the Group operates.

Wireline Services: The Group derived QR3,861.9 million (U.S.$1,060.9 million) (11.5 per cent. of the Group's total revenue) for the year ended 31 December 2012, from such services, as compared to revenue of QR3,651.1 million (U.S.$1,003.0 million) (11.5 per cent. of the Group's total revenue) for the year ended 31 December 2011, an increase of 5.8 per cent. The Group's revenues from wireline services for the year ended 31 December 2011 increased by 7.4 per cent. from QR3,398.3 million (U.S.$933.6 million) (12.4 per cent. of its total revenue) for the year ended 31 December 2010. The increase in wireline services revenue in 2012 compared to 2011 and 2010 was primarily due to organic growth in customer numbers.

Analysis of the Group's principal geographic markets: The following table sets forth the Group's revenue for the years ended 31 December 2010, 2011 and 2012, together with ARPU and customer numbers as at 31 December 2012 from each of its principal geographic markets, as well as for the Group itself.

	Revenue for the year ended 31 December				*As at 31 December 2012*	
	2010	*2011*	*2012*	*2012*	*ARPU (blended)*[1]	*Customer numbers*[2]
	(Unaudited)					
		(QRm)		*(U.S.$m)*	*(QR)*	*(thousands)*
Qatar	5,597.1	5,704.4	6,220.1	1,708.8	148.7	2,529.9
Kuwait	2,826.7	3,222.5	2,880.3	791.3	96.2	2,031.7
Iraq	5,054.3	5,933.8	6,878.1	1,889.6	61.6	10,029.7
Indonesia	7,941.7	8,550.1	8,804.0	2,418.7	9.9	58,638.9
Total Group	27,376.6	31,744.9	33,714.2	9,262.1	–[3]	92,907.2

Notes:

(1) For the three months ended 31 December 2012. Blended ARPU is calculated based on a weighted average of postpaid and prepaid customers for wireless services. For a discussion of the calculation of ARPU, see "*Presentation of Financial and Other Information – Industry, Market and Customer Data – ARPU*". ARPU data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

(2) As at 31 December 2012, inclusive of wireless and wireline customers. The customer data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

(3) The Group does not calculate ARPU on a consolidated basis.

Operating expenses

Operating expenses for the year ended 31 December 2012 were QR10,508.7 million (U.S.$2,887.0 million) as compared to QR9,438.1 million (U.S.$2,592.9 million) for the year ended 31 December 2011, an increase of 11.3 per cent. Operating expenses for the year ended 31 December 2011 increased by 8.1 per cent., from QR8,734.6 million (U.S.$2,399.6 million) for the year ended 31 December 2010.

These increases were primarily due to an increase in interconnection charges that the Group must pay to other telecommunications providers, in large part as a consequence of having acquired operations outside Qatar, where the presence of multiple operators generally results in more frequent interconnections with such operators. In addition, regulatory fees have also increased as a result of organic growth across the Group.

During the years under review, Ooredoo's operating expenses in Qatar were significantly lower relative to revenue generated, compared to the Group's operations outside Qatar. Operating expenses for Ooredoo's Qatari operations amounted to 24.7 per cent., 24.3 per cent. and 23.2 per cent. of the revenue from Ooredoo

for the years ended 31 December 2010, 2011 and 2012, respectively, compared to 33.7 per cent., 32.6 per cent., and 33.0 per cent., respectively, for the Group's operations outside Qatar during these years. The higher proportion of operating expenses relative to revenue for operations outside Qatar were primarily due to relatively lower ARPU in the Group's operations outside Qatar.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended 31 December 2012 were QR7,693.9 million (U.S.$2,113.7 million) as compared to QR7,454.4 million (U.S.$2,047.9 million) for the year ended 31 December 2011, an increase of 3.2 per cent. Selling, general and administrative expenses for the year ended 31 December 2011 increased by 23.3 per cent., from QR6,047.6 million (U.S.$1,661.4 million) for the year ended 31 December 2010.

These increases principally resulted from increases in salaries and associated costs of Ooredoo's employees, the introduction of a tax in Kuwait in relation to SIM cards in July 2011, increased marketing costs and legal and professional fees as a result of organic growth within the Group.

During the years under review, Ooredoo's total selling, general and administrative expenses, depreciation and amortisation expenses for its Qatari operations were significantly lower relative to the revenue generated by its Qatari operations as compared to the Group's operations outside Qatar. Total selling, general and administrative expenses, depreciation and amortisation expenses for Ooredoo's Qatari operations amounted to 35.3 per cent., 35.4 per cent., and 35.5 per cent. of the revenue from Ooredoo's Qatari operations for the years ended 31 December 2010, 2011 and 2012, respectively, compared to 47.7 per cent., 47.7 per cent. and 48.0 per cent., respectively, for the Group's operations outside Qatar. The higher general and administrative expenses relative to the revenue for operations outside Qatar were primarily due to the relatively lower ARPU in the Group's operations outside Qatar.

Finance costs – net

Finance costs – net for the year ended 31 December 2012 were QR1,921.0 million (U.S.$527.7 million) as compared to QR1,900.5 million (U.S.$522.1 million) for the year ended 31 December 2011, an increase of 1.1 per cent. Finance costs – net for the year ended 31 December 2011 increased by 5.3 per cent. from QR1,804.4 million (U.S.$495.7 million) for the year ended 31 December 2010. These increases in finance costs – net were primarily due to additional interest on borrowings incurred at the Ooredoo level as a result of the bond issuance under its Global Medium Term Note Programme, lower interest income on deposits as a result of decline in deposit rates and utilisation of deposits to repay term loans which incurred a lower interest cost compared to the interest income being received on those deposits. The majority of the Group's consolidated debt is owed by Ooredoo and Indosat. For a discussion of the Group's liquidity and capital resources, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*".

Impairment of intangibles and available-for-sale investments

For the year ended 31 December 2012 the Group recorded impairment losses on intangibles and available-for-sale investments of QR427.4 million (U.S.$117.4 million) compared to QR221.5 million (U.S.$60.9 million) for the year ended 31 December 2011 and QR46.3 million (U.S.$12.7 million) for the year ended 31 December 2010. The increase in impairment losses on intangibles and available-for-sale investments in the year ended 31 December 2012 was primarily due to impairment recorded in certain non-core assets, principally the Group's operations in Saudi Arabia and Pakistan. The increase in impairment losses on intangibles and available-for-sale investments in the year ended 31 December 2011 was primarily due to impairment recorded in certain non-core assets, principally the Group's operations in Saudi Arabia.

Gain on previously held interest in an acquired subsidiary

Gains on previously held interests in acquired subsidiaries for the year ended 31 December 2012 was nil, in comparison to QR1,442.8 million (U.S.$396.4 million) for the year ended 31 December 2011 and nil for the year ended 31 December 2010. This is primarily due to the Group's acquisition in January 2011 of a 25.0 per cent. additional shareholding interest in Tunisiana, as a result of which the Group's ownership and voting

interests in that entity, previously treated as a joint venture, increased from 50.0 per cent. to 75.0 per cent. Consequently, Tunisiana was fully consolidated within the Group's consolidated financial statements, starting from the date control was obtained. The Group re-measured its previously held interests in Tunisiana at fair value and recognised a one-off revaluation gain in the profit or loss for the year ended 31 December 2011.

Other income (expenses) – net

Other income (expenses) for the year ended 31 December 2012 was QR525.7 million (U.S.144.4 million) as compared to QR71.2 million (U.S.$19.6 million) for the year ended 31 December 2011. Other income for the year ended 31 December 2011 decreased by 89.2 per cent. from QR657.6 million (U.S.$180.7 million) for the year ended 31 December 2010. The increase in other income in 2012 was primarily due to the gain recognised on a tower sale and leaseback transaction by Indosat in 2012. The decrease in other income in 2011 was primarily due to a decrease in one-off miscellaneous income and gains on foreign exchange. In addition, in March 2010, the Government issued a decree pursuant to which Ooredoo ceased payment of royalties with effect from 7 October 2007. The decree further provided that Ooredoo was required to pay annual industry and licence fees subsequent to 7 October 2007. This resulted in a write-back of accruals amounting to QR554 million (U.S.$152.2 million), which has been included under other income (expenses) for the year ended 31 December 2010.

Royalties and fees

Royalties and fees for the year ended 31 December 2012 were QR327.9 million (U.S.$90.1 million) as compared to QR312.2 million (U.S.$85.8 million) for the year ended 31 December 2011, an increase of 5.0 per cent. Royalties and fees for the year ended 31 December 2011 decreased by 2.7 per cent., from QR320.8 million (U.S.$88.1 million) for the year ended 31 December 2010. The increase in royalties and fees in the year ended 31 December 2012 was primarily due to increased fees payable in Qatar and Oman.

Of these royalties and fees, QR159.4 million (U.S.$43.8 million) was payable to Qatar for the year ended 31 December 2012 compared to QR149.9 million (U.S.$41.2 million) and QR156.2 million (U.S.$42.9 million) in the years ended 31 December 2011 and 2010, respectively. See "*Business Description of the Group – Corporate History – Qatari Origins*" and *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – Royalties and fees – Qatar*" above for a discussion of Ooredoo's royalty liabilities.

Net profit for the Year

As a result of the factors described above, net profit for the year ended 31 December 2012 was QR4,649.7 million (U.S.$1,277.4 million), as compared to QR5,943.2 million (U.S.$1,632.7 million), for the year ended 31 December 2011, a decrease of 21.8 per cent. Profit for the year ended 31 December 2011 increased by 45.4 per cent. from QR4,087.9 million (U.S.$1,123.0 million) for the year ended 31 December 2010. During the years under review, Ooredoo's operations in Qatar were more profitable than the Group's operations outside Qatar. Profit as a percentage of revenue from Ooredoo's operations in Qatar was 36.8 per cent., 23.4 per cent. and 24.6 per cent. for the years ended 31 December 2010, 2011 and 2012, respectively, compared to 9.3 per cent., 17.7 per cent. and 11.3 per cent., respectively, for the Group's operations outside Qatar taken as a whole. The difference in profit margins during the years under review was primarily due to the significantly lower expenses as a percentage of revenue and relatively higher ARPU in Qatar compared to operations outside Qatar.

Liquidity and Capital Resources

Historically, the Group's principal sources of funding have been cash flow from operations and borrowings under loan facilities. The Group has used cash generated from operating activities and borrowings to fund its operating costs and capital expenditures. In April 2012, the Group announced an increase in Ooredoo's share capital by way of offering new shares to existing shareholders in the proportion of two shares for every five shares held. This rights issue was fully subscribed and raised around QR6.9 billion (U.S.$1.9 billion), which enabled the Group to maintain a strong equity base.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flow – Indebtedness*" for a description of the Group's indebtedness and related borrowings.

Cash Flow

The following tables set forth certain information about the Group's consolidated cash flows for the nine-month periods ended 30 September 2012 and 2013 and the years ended 31 December 2010, 2011 and 2012:

	Year ended 31 December				*For the nine months ended 30 September*		
	2010	*2011*	*2012*	*2012*	*2012*	*2013*	*2013*
					(unaudited)		
	(QRm)			*(U.S.$m)*	*(QRm)*		*(U.S.$m)*
Cash flow statement data:							
Net cash from operating activities	10,195.4	7,910.2	11,816.8	3,246.3	8,020.9	9,069.2	2,491.5
Net cash used in investing activities	(5,944.5)	(8,181.9)	(6,953.6)	(1,910.3)	(3,412.6)	(5,817.2)	(1,598.1)
Net cash from/(used in) financing activities	10,007.8	(4,010.4)	(11,326.3)	(3,111.6)	(9,764.1)	(2,579.1)	(708.5)
Net increase (decrease) in cash and cash equivalents	14,258.7	(4,282.1)	(6,463.1)	(1,775.6)	(5,155.8)	672.9	184.9
Net foreign exchange difference	(187.1)	(224.9)	213.3	58.6	285.7	573.9	157.7
Cash and cash equivalents as at 1 January	11,486.3	25,557.9	21,050.9	5,783.2	21,050.9	14,801.1	4,066.2
Cash and cash equivalents at the end of the year/period	25,557.9	21,050.9	14,801.1	4,066.2	16,180.8	16,047.9	4,408.8

Net cash from operating activities

For the nine-month period ended 30 September 2013, net cash from operating activities was QR9,069.2 million (U.S.$2,491.5 million) compared to QR8,020.9 million (U.S.$2,203.5 million) for the nine-month period ended 30 September 2012, an increase of 13.1 per cent. This increase was primarily due to a decrease in working capital requirements.

Net cash from operating activities for the year ended 31 December 2012 was QR11,816.8 million (U.S.$3,246.3 million) as compared to QR7,910.2 million (U.S.$2,173.1 million) for the year ended 31 December 2011, an increase of 49.4 per cent. This increase was primarily due to a decrease in working capital requirements.

Net cash from operating activities for the year ended 31 December 2011 decreased by 22.4 per cent. as compared to QR10,195.4 million (U.S.$2,800.9 million) for the year ended 31 December 2010. This decrease was primarily due to an increase in working capital requirements.

Net cash used in investing activities

For the nine-month period ended 30 September 2013, net cash used in investing activities was QR5,817.2 million (U.S.$1,598.1 million) compared to QR3,412.6 million (U.S.$937.5 million) for the nine-month period ended 30 September 2012, an increase of 70.5 per cent. This increase was primarily due to an increase in the value of property, plant and equipment purchased during 2013. This increase was partially offset by the proceeds received for the tower sale and leaseback transaction by Indosat in August 2012.

Net cash used in investing activities for the year ended 31 December 2012 was QR6,953.6 million (U.S.$1,910.3 million) as compared to QR8,181.9 million (U.S.$2,247.8 million) for the year ended 31 December 2011, a decrease of 15.0 per cent. This decrease was primarily due to the acquisition costs of a controlling interest in Tunisiana in January 2011.

Net cash used in investing activities for the year ended 31 December 2011 increased by 37.6 per cent. as compared to QR5,944.5 million (U.S.$1,633.1 million) for the year ended 31 December 2010. This increase was primarily due to the acquisition costs of a controlling interest in Tunisiana in January 2011.

Net cash from/(used in) financing activities

For the nine-month period ended 30 September 2013, net cash used in financing activities was QR2,579.1 million (U.S.$708.5 million) compared to QR9,764.1 million (U.S.$2,682.4 million) for the nine-month period ended 30 September 2012, a decrease of 73.6 per cent. This decrease was primarily due to repayment of Group debt maturing during the nine-month period ended 30 September 2012, offset in part by the proceeds from Ooredoo's rights issue in 2012.

Net cash used in financing activities for the year ended 31 December 2012 was QR11,326.3 million (U.S.$3,111.6 million) as compared to QR4,010.4 million (U.S.$1,101.8 million) used in financing activities for the year ended 31 December 2011. This increase was primarily due to the acquisition of additional stakes in existing subsidiaries Asiacell in June 2012 and Wataniya in October 2012.

Net cash used in financing activities for the year ended 31 December 2011 was QR4,010.4 million (U.S.$1,101.8 million) as compared to net cash from financing activities of QR10,007.8 million (U.S.$2,749.4 million) for the year ended 31 December 2010. This change was primarily due to proceeds from the bond issuance in 2010.

Indebtedness

Most of the Group's indebtedness has been incurred by either Ooredoo, Qtel International Finance Limited or Indosat. As at 30 September 2013, the Group had outstanding indebtedness of QR41.8 billion (U.S.$11.5 billion). In addition, the Group had an additional QR4.7 billion (U.S.$1.3 billion) under its facilities that remain undrawn. As at 30 September 2013, 74 per cent. of the Group's indebtedness was owed by Ooredoo (which includes debt held by Qtel International Finance Limited), 17 per cent. by Indosat and the remaining 9 per cent. by other companies within the Group. As at 30 September 2013, the Group's consolidated indebtedness included QR3.7 billion (U.S.$1.0 billion) in outstanding indebtedness of its subsidiaries (excluding Indosat), including term loan facilities and syndicated loans, of which approximately 48 per cent. were secured by pledges of assets and shares of those subsidiaries and parent guarantees.

The following table sets out a breakdown of the outstanding indebtedness of the Group as of 30 September 2013:

Description of Indebtedness

	Total financing amount		*Total indebtedness outstanding*[1]		
	(QRm)	*(U.S.$m)*	*(QRm)*	*(U.S.$m)*	*Maturity*
Qtel International Finance Limited					
Global Medium Term Note Programme[3]	18,207.5	5,000.0	15,476.4	4,250.0	2014/16/ 19/21/25
Global Medium Term Note Programme[4]	10,924.5	3,000.0	7,283.0	2,000.0	2023/28/43
Ooredoo					
Dual tranche revolving credit facility	2,731.1	750.0	2,731.1	750.0	2015
Revolving credit facility	3,000.0	823.8	–	–	2014
Revolving credit facility	3,641.5	1,000.0	3,641.5	1,000.0	2017
Islamic financing facility (commodity murabaha)	1,820.8	500.0	1,820.8	500.0	2014
Indosat and its subsidiaries					
Various local and international bonds and loans	8,404.6	2,308.0	7,100.9	1,950.0	2014-22
Wataniya and its subsidiaries					
Revolving credit facility (Wataniya Kuwait)	1,248.6	342.9	1,063.8	292.1	2013/16
Local loans (Nedjma)	684.6	188.0	300.4	82.5	2014/15
International loans (Nedjma)	619.1	170.0	258.5	71.0	2015
Local loans (Tunisiana)	486.7	133.7	486.7	133.7	2018
International loan (Wataniya Maldives)	25.5	7.0	22.9	6.3	2015/16
International loan (Wataniya Palestine)	506.7	139.2	326.3	89.6	2014/19

	Total financing amount		Total indebtedness outstanding[1]		
	(QRm)	(U.S.$m)	(QRm)	(U.S.$m)	Maturity
Asiacell[2]					
Various term loans	1,218.8	334.7	878.3	241.2	2015
Nawras					
Various term loans	979.6	269.0	386.0	106.0	2017/18
Various credit facilities	418.8	115.0	–	–	2016/17

Notes:

(1) Amounts excluding deferred financing costs.

(2) Includes U.S.$11.4 million indebtedness of Midya Telecom Company Limited, Iraq.

(3) Listed on London Stock Exchange.

(4) Listed on Irish Stock Exchange.

Global Medium Term Note Programme

In May 2009, the Group established a U.S.$5.0 billion (QR18.2 billion) Global Medium Term Note Programme (the "**2009 GMTN Programme**"), listed on the London Stock Exchange, to allow for the issuance of notes. The first tranche of notes issued under the 2009 GMTN Programme, amounting to U.S.$1.5 billion (QR5.4 billion), was issued in June 2009, and the second tranche of notes under the 2009 GMTN Programme, amounting to U.S.$2.75 billion (QR10.0 billion), was issued in October 2010. Ooredoo, had, as at 30 September 2013, provided an unconditional and irrevocable guarantee in respect of the notes issued under the 2009 GMTN Programme.

In December 2012, the Group established another U.S.$3.0 billion (QR10.9 billion) Global Medium Term Note Programme (the "**2012 GMTN Programme**"), listed on the Irish Stock Exchange to allow for the issuance of notes. The first tranche of notes issued under the 2012 GMTN Programme, amounting to U.S.$1.0 billion (QR3.6 billion), was issued in December 2012, and the second and third tranches of notes issued under the 2012 GMTN Programme, in aggregate amounting to U.S.$1.0 billion (QR3.6 billion), were issued in January 2013. Ooredoo, had, as at 30 September 2013, provided an unconditional and irrevocable guarantee in respect of the notes issued under the 2012 GMTN Programme.

The documentation relating to the notes under each of the 2009 GMTN Programme and the 2012 GMTN Programme contain customary operating and financial covenants common to agreements of this type which include covenants that restrict the Group's ability to dispose of the whole or substantially the whole of its undertaking or the whole or the greater part of its assets. The documentation relating to the notes also contains customary events of default, including, but not limited to, non-payment, breach of other obligations set forth in the agreement, misrepresentation of or material non-compliance with a representation or warranty, and certain insolvency, winding-up and related events.

Indebtedness of Ooredoo

In April 2010, Ooredoo entered into a dual-tranche revolving credit facility for a principal amount of U.S.$1,250.0 million, which matured and was fully repaid on 26 May 2013 and a principal amount of U.S.$750.0 million, which will mature on 26 May 2015 and bearing interest at a floating interest rate of LIBOR plus 145 basis points.

In April 2013, Ooredoo entered into a four-year revolving credit facility for a principal amount of U.S.$1,000.0 million, maturing in April 2017 and bearing interest at a floating interest rate of LIBOR plus 85 basis points. Ooredoo used the proceeds of this facility to repay and cancel part of its U.S.$1.25 billion revolving credit facility that matured in May 2013. The remaining balance of U.S.$250 million was repaid using Ooredoo's available cash.

In addition, in November 2012, Ooredoo entered into an 18-month, U.S.$500.0 million Islamic murabaha financing facility, bearing profit at a floating rate of LIBOR plus 95 basis points.

The documentation relating to each of the credit facilities contains customary events of default, including, but not limited to, non-payment, cross-default, breach of other obligations set forth in the agreement, misrepresentation of or material non-compliance with a representation or warranty, and certain insolvency, winding-up and related events.

Indebtedness of Indosat and its subsidiaries

Indosat has entered into several loan agreements, issued fixed and floating rate bonds and its financing subsidiary has issued notes guaranteed by Indosat. As at 30 September 2013, outstanding indebtedness of Indosat was Rp22 trillion (U.S.$1.95 billion).

The documentation relating to these credit facilities contains certain covenants to be applied at the Indosat level, including, but not limited to, financial covenants relating to the maintenance of debt service, interest cover and leverage ratios, and certain restrictive covenants relating to the business of Indosat and its subsidiaries including, but not limited to, restrictions on disposals and change in business. The documentation relating to these credit facilities also contains customary events of default, including, but not limited to, non-payment, breach of other obligations set forth in the agreement, misrepresentation of or material non-compliance with a representation or warranty, and certain insolvency, winding-up and related events.

In May 2013, Indosat delisted its American Depositary Receipts ("**ADRs**") from the New York Stock Exchange. Indosat's ADR programme was originally undertaken in 1994 in order to provide access to liquidity from investors unable to invest directly in the Indonesian domestic market. However, the Group believes that the Indonesian Stock Exchange has matured significantly throughout the ensuing period and has developed a significant foreign institutional equity base.

Indebtedness of Asiacell

In June 2012, Asiacell entered into a three-year, U.S.$200.0 million (QR728.0 million) financing facility bearing interest at a floating rate. Subsequently, in October 2012, Asiacell entered into a three-year, U.S.$100.0 million (QR364.0 million) financing facility bearing interest at a floating rate. Both facilities are fully guaranteed by Ooredoo. As at 30 September 2013, outstanding indebtedness of Asiacell under the above facilities was U.S.$229.7 million (QR836.1 million).

Contractual Obligations

The following table presents the Group's contractual obligations as at 31 December 2012:

	Payment due by period							
	Total	*Less than 1 year*	*1 5 years*	*More than 5 years*	*Total*	*Less than 1 year*	*1 5 years*	*More than 5 years*
	(QRm)				*(U.S.$m)*			
Interest bearing loans and borrowings[1]	49,919.7	9,291.0	21,516.3	19,112.4	13,714.2	2,552.5	5,911.1	5,250.6
Trade payables	3,034.7	3,034.7	–	–	833.7	833.7	–	–
Licence costs payable	1,146.2	230.9	822.7	92.6	314.9	63.4	226.0	25.5
Finance lease liabilities	2,042.0	253.0	953.1	835.9	561.0	69.5	261.9	229.6
Other financial liabilities	610.4	482.2	128.2	–	167.7	132.5	35.2	–
Total	56,753.0	13,291.8	23,420.3	20,040.9	15,591.5	3,651.6	6,434.2	5,505.7

Note:

(1) Interest bearing loans and borrowings include all of the Group's current and non current loans and borrowings as at 31 December 2012. See note 25, "*Interest bearing loans and borrowings*", of the Notes to the Consolidated Financial Statements for the year ended 31 December 2012. For a discussion of the tender offer term agreement, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness*" above.

The Group also had capital expenditure commitments as at 30 September 2013 for QR4,989.1 million (U.S.$1,370.6 million).

Capital Expenditures

For the year ended 31 December 2012 the Group incurred capital expenditures for property, plant and equipment of QR7,315.7 million (U.S.$2,009.8 million), as compared to capital expenditures of QR6,574.9 million (U.S.$1,806.3 million) for the year ended 31 December 2011 and QR6,941.8 million (U.S.$1,907.1 million) for the year ended 31 December 2010. The Group's capital expenditures are predominantly for the expansion of the coverage, capacity and network quality in the Group's mobile networks and the deployment of new technologies.

The Group expects that most of its capital expenditures in the near future will be related to expanding, developing and improving its networks, including in Qatar, Indonesia and Iraq, and expects its capital expenditures in 2013 to be between QR8.0 billion (U.S.$2.2 billion) to QR9.0 billion (U.S.$2.5 billion), of which QR6.2 billion (U.S.$1.7 billion) had already been spent as at 30 September 2013. The Group currently does not expect its overall level of capital expenditures to increase or decrease dramatically in the next two years.

Off-Balance Sheet Arrangements

The Group does not have any off-balance sheet arrangements that have or are reasonably expected to have a material current or future effect on its financial condition, revenue, expenses, results of operations, liquidity, capital expenditures or capital resources. As at 30 September 2013, Ooredoo had QR312.0 million (U.S.$85.7 million) of contingent liabilities in the form of letters of guarantee and QR135.2 million (U.S.$37.2 million) of contingent liabilities in the form of letters of credit, which Ooredoo utilises in the ordinary course of business in connection with its operations. See Note 17, "*Contingent Liabilities*", to the condensed consolidated interim financial statements for the nine months ended 30 September 2013 for a description of Ooredoo's commitments and contingencies.

Quantitative and Qualitative Disclosures About Market Risk

The Group is exposed to market risks from changes in both foreign currency exchange rates and interest rates. It is also exposed to credit and liquidity risks. The Group uses financial instruments, such as foreign exchange forward contracts, foreign currency options and interest rate swaps to manage these market risks. For further information regarding the Group's market risk, see Note 33, "*Financial Risk Management*", to the consolidated financial statements for the year ended 31 December 2012.

Interest Rate Risk

The Group is subject to market risk resulting from changes in interest rates, which may affect the cost of its current floating rate borrowings and future financing. The Group's interest bearing financial liabilities subject to a floating interest rate amounted to QR12.9 billion (U.S.$3.5 billion) as at 30 September 2013. The proportion of the Group's indebtedness that was subject to floating interest rates decreased by 2 per cent. between 31 December 2012 and 30 September 2013. The decrease is primarily due to the issuance of U.S.$1 billion fixed rate bonds in Jan 2013 and, to a lesser extent, a reduction of the outstanding floating rate revolving facilities of U.S.$1,250 million in May 2013 at the Ooredoo level. A hypothetical 25 basis point change in interest rates on the floating rate portion of the Group's borrowings would result in a change in its finance costs of approximately QR32.4 million (U.S.$8.9 million) per year.

Currency Risk

The Group has operations across the MENA, the Asian Subcontinent and the Asia Pacific regions and operates in a number of foreign currencies, which gives rise to transactional and translational foreign exchange risk. The Group's various assets and liabilities are denominated mainly in U.S. dollars, Indonesian Rupiah, Tunisian dinar, Kuwaiti dinar, Algerian dinar, euros and certain other currencies. The Group's main functional currency, the Qatari Riyal, is pegged to the U.S. dollar. The Group manages currency risks by either off-setting the currency position (through borrowing in the same currency) or through the use of derivatives, as appropriate, in accordance with internal policies.

Credit Risk

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The Group provides telecommunications services to a variety of customers and distributors of its prepaid cards. The Group seeks to limit its credit risk with respect to customers by: subjecting all customers receiving credit to credit verification procedures; monitoring, on an ongoing basis, receivable balances; and setting limits on the amount of service each customer may purchase, which are reviewed regularly with regard to the level of past transactions and settlement. In addition, the Group's receivable balances are monitored on an ongoing basis to limit its exposure to bad debts. The Group seeks to limit its credit risk with respect to distributors by selling prepaid cards through its own shops and through subsidiary distributors and by obtaining bank guarantees from third-party distributors. With respect to credit risk arising from the Group's other financial assets, which comprise cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counterparty (mainly financial institutions), with a maximum exposure equal to the carrying amount of these instruments. The Group maintains credit limits with respect to counterparties that are financial institutions.

Liquidity Risk

The Group seeks to maintain a balance between continuity of funding and flexibility through the use of cash in hand, overdrafts, bank facilities and a conservative debt maturity profile to reduce its exposure to liquidity risk. Specifically, it seeks to limit liquidity risk by ensuring that bank facilities are available.

As at 30 September 2013, the Group had cash balances and undrawn committed facilities to provide liquidity as required, including approximately QR4.6 billion (U.S.$1.3 billion) available under the Group's facility agreements and cash and bank balances of QR16.3 billion (U.S.$4.48 billion) (see "*Factors Affecting Financial Condition and Results of Operations – International Acquisitions*").

Recent Accounting Pronouncements

A number of new standards, amendments to standards and interpretations of IFRS have been issued but are not yet effective. For a discussion of these recent accounting pronouncements, see Note 3.2, "*Changes in accounting policies and disclosures*" in the Notes to the consolidated financial statements for the year ended 31 December 2012.

The Group anticipates that all of these standards and interpretations will be adopted in its consolidated financial statements from their effective dates. The Group does not expect that the application of these new standards and amendments will have a material effect on its consolidated financial statements, other than IAS 19 which relates to the accounting treatment of employee benefits. The restatement impact of amendments to IAS 19 is disclosed in the Group's condensed consolidated interim financial statements for the period ended 30 September 2013.

BUSINESS DESCRIPTION OF THE GROUP

Overview

The Group is an international telecommunications company primarily operating mobile telecommunications networks in 15 countries in the MENA, Asian Subcontinent and Asia Pacific regions, with a total customer base of 89.6 million as at 30 September 2013. The Group operates a portfolio of brands including Ooredoo, Indosat, Wataniya, Asiacell, Tunisiana, Nedjma and Nawras. The Group's principal activity is the provision of wireless (comprising cellular telephone technologies and services) and wireline (comprising broadband solutions and fibre technologies) services to both the consumer and business markets.

The Group's parent company is Ooredoo, whose shares are listed on the Qatar Exchange and the Abu Dhabi Securities Exchange. Ooredoo was originally established as Qatar Public Telecommunications Corporation on 29 June 1987, to provide domestic and international telecommunication services within Qatar. Ooredoo is one of the telecommunications service providers licensed by ictQATAR to provide both fixed and mobile telecommunications services in Qatar. As a licensed service provider, the conduct and activities of Ooredoo are regulated by ictQATAR pursuant to Law No. 34 of 2006 (the "**Qatari Telecommunications Law**") and the Applicable Regulatory Framework. Ooredoo's registered office is located at 100 West Bay, P.O. Box 217, Doha, Qatar. Ooredoo's commercial registration number is 21183.

The Group believes that its four most significant markets are as follows:

- **Qatar**: the Group operates in Qatar through Ooredoo, which, until March 2009, was the only provider of fixed line and mobile telecommunications services in Qatar. Ooredoo provides mobile telecommunications to both postpaid and prepaid customers, fixed line telephony and internet access, corporate data services, cable television and international gateway services in Qatar. For the nine-month period ended 30 September 2013, Ooredoo's operations contributed 18.9 per cent. of the Group's revenue and Ooredoo had a combined 2.8 million mobile and fixed line customers as at 30 September 2013.

- **Indonesia**: the Group operates in Indonesia through Indosat, a fixed line and mobile telecommunications provider that the Group acquired in June 2008. Indosat provides a variety of mobile telecommunications services, mostly to prepaid customers, fixed line telephony, internet access and internet telephony services, operates its own international gateway in Indonesia, provides a fixed closed network and operates two satellites. As at 30 September 2013, the Group held a 65 per cent. effective stake in Indosat. For the nine-month period ended 30 September 2013, Indosat contributed 25.2 per cent. of the Group's revenue and had a combined 53.9 million mobile and fixed line customers as at 30 September 2013.

- **Kuwait**: in March 2007, the Group acquired Wataniya, which provides mobile telecommunications services to both postpaid and prepaid customers in Kuwait (as well as mobile telecommunications services in Algeria, Maldives, Tunisia and Palestine). In October 2012, Ooredoo increased its stake in Wataniya from 52.5 per cent. to 92.1 per cent. following a tender offer. Wataniya's Kuwaiti operations contributed 7.5 per cent. of the Group's revenue for the nine-month period ended 30 September 2013 and had 1.9 million mobile customers as at 30 September 2013.

- **Iraq**: in August 2007, the Group acquired a 30.0 per cent. direct shareholding in Asiacell, an Iraqi mobile telecommunications provider, increasing its economic interest to 53.9 per cent. in June 2012 and then to 64.1 per cent. in February 2013, following Asiacell's initial public offering. Asiacell provides these services to prepaid customers only and contributed 20.7 per cent. of the Group's revenue for the nine-month period ended 30 September 2013 and had 10.6 million mobile customers as at 30 September 2013.

Together, operations in these four countries accounted for 72.3 per cent. of the Group's revenue for the nine months ended 30 September 2013. The Group believes it has geographically diverse mobile telecommunications businesses, with operations in relatively mature markets, such as Qatar, Kuwait and Oman, which generate significant cash flow for the Group, and in developing telecommunications markets

with potential for growth, such as Indonesia and Iraq, among others, which have shown significant growth in customer numbers. The Group also operates a number of other telecommunications businesses, which are complementary to its existing mobile telecommunications businesses, such as paging services, cable television services, worldwide interoperability for microwave access ("**WiMAX**") services, broadband internet services, fixed-line telecommunications services and corporate managed services (NavLink). However, the Group's revenue is primarily derived from the operation of its mobile networks. In the nine-month period ended 30 September 2013, the Group's wireless services, which are predominantly related to its mobile telecommunications businesses, contributed 87.9 per cent. to the Group's revenue.

The Group has developed its mobile telecommunications businesses by acquiring new licences and building its own network infrastructure, for example in Oman in 2005, and by acquiring existing operators with established network infrastructure, including in Iraq, Algeria, Kuwait, Maldives and Tunisia in 2007 and Indonesia in 2008. In June 2013, following a government bid process, Ooredoo was one of the successful bidders for the two 15-year mobile licences made available to foreign operators in Myanmar. As at 30 September 2013, the Group was one of the top two largest operators based on number of customers in each of the key markets of Qatar, Indonesia, Kuwait and Iraq, as well as Algeria, Tunisia and Oman. The Group regularly evaluates acquisitions of other mobile operators and licences in the MENA, the Asian Subcontinent and Asia Pacific regions to continue to expand its mobile telecommunications business.

The following illustration highlights Ooredoo's presence across the various markets that it operates in worldwide, as at the date of this Base Prospectus:

Corporate History

Qatari Origins

Prior to Ooredoo's incorporation in 1987, domestic telecommunication services in Qatar were provided by a partnership between Qatar and a U.K. telecommunications company. The Telecommunications Department of the Ministry of Transport and Communications of Qatar supervised all technical aspects of domestic and international civilian telecommunications in Qatar. Ooredoo was originally established as Qatar Public Telecommunications Corporation on 29 June 1987 pursuant to Law No. 13 of 1987, to provide domestic and international telecommunication services within Qatar. Under this law, Ooredoo was granted sole responsibility for the provision of telecommunications services in Qatar. During this period, Ooredoo served as the telecommunications regulator for Qatar.

Qatar Public Telecommunications Corporation was converted into a Qatari Shareholding Company under the name of Qatar Telecom (Qtel) Q.S.C. on 25 November 1998, pursuant to Law No. 21 of 1998. In March 2013, Ooredoo, previously branded as "Qatar Telecom" and "Qtel", announced that each of its operating subsidiaries would adopt the "Ooredoo" brand during the course of 2013 and 2014, and in June 2013, Qatar Telecom (Qtel) Q.S.C. legally changed its name to Ooredoo Q.S.C.

Ooredoo's shares were listed on the Qatar Exchange (then known as the Doha Securities Market) in 1998, on the London Stock Exchange (via Global Depository Receipts) in 1999 and on the Abu Dhabi Securities Exchange in 2002.

The terms of the legislative concession of 1998 granting Ooredoo the right to be the exclusive provider of domestic and international telecommunications services in Qatar for a period of 15 years required Ooredoo to pay an annual royalty to the Government equivalent to 25 per cent. of Ooredoo's net profit attributable to the shareholders of Ooredoo. The Qatari Telecommunications Law provided for the repeal of this exclusive concession and provided that Ooredoo should continue paying the royalty until a competing and licensed service provider commenced offering its services to the public. Ooredoo discontinued payment of the royalties from 1 March 2009, when Vodafone Qatar switched on its network for two way communication.

Subsequently, in March 2010, the Minister of Economy and Finance of Qatar issued a Decree requiring Ooredoo to cease payment of the royalty to the Government with effect from 7 October 2007, which is the commencement date of the licence granted to Ooredoo under the Qatari Telecommunications Law. As at the date of this Base Prospectus, Ooredoo has satisfied all outstanding royalty payments to the Government. Under its operating licence granted by ictQATAR, Ooredoo is instead liable to pay to ictQATAR an annual industry fee of 12.5 per cent. on adjusted net profits generated from Ooredoo's operations in Qatar and an annual licence fee of 1.0 per cent. on net revenue from regulated activities under its telecommunications licence generated from Ooredoo's operations in Qatar. For the purposes of calculating the industry fee, adjusted net profits are calculated as the difference between Ooredoo's net revenue and any allowable operating expenses that Ooredoo has incurred in the relevant calendar year that are directly related to its regulated activities under its telecommunications licence.

See "*Business Description of the Group – Principal Operations – Qatar – Regulation*" for a discussion of the industry fee that Ooredoo and other service providers are required to pay in respect of licensed activities in Qatar.

International Expansion

The growth of the Group's business since 2005 has been driven in significant part by a number of acquisitions in the MENA, Asian Subcontinent and Asia Pacific regions. A summary of the significant acquisitions by the Group during this period is set out below.

- **Oman**: In March 2005, the Group began its international expansion by acquiring a licence in Oman and establishing Nawras to offer mobile telecommunications services. In November 2010, Nawras completed its initial public offering, the largest in Oman since 2005, which was fully subscribed and raised around OMR182.3 million (U.S.$474.2 million). Shares of Nawras began trading on the Muscat Securities Exchange in November 2010.

- **Kuwait**: In March 2007, the Group acquired a 51.0 per cent. direct shareholding in Wataniya, a Kuwaiti telecommunications company with subsidiaries in Algeria, Maldives, Tunisia and Palestine. In October 2008, Ooredoo increased its direct shareholding to 52.5 per cent., and in October 2012, Ooredoo completed a tender offer to acquire 39.6 per cent. of the remaining issued shares of Wataniya, for a total consideration of KD519.1 million (U.S.$1.8 billion). Following the completion of this tender offer, Ooredoo increased its direct shareholding in Wataniya to around 92.1 per cent.

- **Tunisia**: In March 2007, the Group acquired a 25.5 per cent. indirect shareholding in Tunisiana through its acquisition of Wataniya, which held a direct shareholding of 50.0 per cent. in Tunisiana. In January 2011, Wataniya increased its direct shareholding in Tunisiana to 75.0 per cent., as part of a consortium with a third party to acquire the remaining 50.0 per cent. shareholding in Tunisiana not owned by Wataniya. Following completion of Ooredoo's tender offer in October 2012, increasing its stake in Wataniya to 92.1 per cent., Ooredoo's indirect shareholding in Tunisiana increased to 69.1 per cent. In December 2012, the Group purchased a 15.0 per cent. direct shareholding in Tunisiana from the Republic of Tunisia for a total consideration of U.S.$360 million. As a result of this acquisition, Ooredoo's direct and indirect shareholding in Tunisiana increased from 69.1 per cent. to 84.1 per cent.

- **Palestine**: In March 2007, the Group acquired a 29.1 per cent. indirect shareholding in Wataniya Palestine Mobile Telecommunications P.S.C. ("**Wataniya Palestine**") through its acquisition of Wataniya, which held a direct shareholding of 57.0 per cent. in Wataniya Palestine. In January 2011,

Wataniya Palestine completed its initial public offering, the largest to take place in Palestine since 2000, raising a total of U.S.$50.3m and reducing Wataniya's direct shareholding in Wataniya Palestine to 48.5 per cent. The shares of Wataniya Palestine are listed on the Palestine Exchange. Following completion of Ooredoo's tender offer in October 2012 increasing its stake in Wataniya to 92.1 per cent., Ooredoo's indirect shareholding in Wataniya Palestine increased to 44.6 per cent.

- **Singapore**: In March 2007, the Group purchased a 25.0 per cent. direct shareholding in Asia Mobile Holdings, a joint venture with Singapore Technologies Telemedia. Asia Mobile Holdings held a 49.0 per cent. direct shareholding in StarHub, a telecommunications company in Singapore. In November 2011, Asia Mobile Holdings acquired a further 7.5 per cent. of StarHub, increasing its direct shareholding to 56.6 per cent. and the Group's indirect shareholding to 14.1 per cent.

- **Iraq**: In August 2007, the Group acquired a 30.0 per cent. direct shareholding in Asiacell, an Iraqi mobile telecommunications provider, having successfully bid for a 15-year national licence to build and operate a GSM network, or digital cellular communications system, in Iraq. In June 2012, for an aggregate consideration of U.S.$1.08 billion. Ooredoo increased its economic interest in Asiacell to 53.9 per cent. In February 2013, Asiacell completed its initial public offering representing 25.0 per cent. of its issued share capital. The initial public offering was fully subscribed and raised around U.S.$1.27 billion which was the largest ever in Iraq. Shares of Asiacell began trading on the Iraq Stock Exchange in February 2013. As a result of Asiacell's initial public offering, Ooredoo's economic interest in Asiacell increased to 64.1 per cent.

- **Qatar**: In October 2007, the Group acquired a 51.0 per cent. direct shareholding in communications and media retail and logistics business Starlink Company W.L.L. ("**Starlink**"). In December 2010, the Group increased its direct shareholding in Starlink to 60.0 per cent. and in July 2012, the Group further increased its direct shareholding in Starlink to 72.5 per cent.

- **Indonesia**: In June 2008, the Group acquired a 40.8 per cent. direct shareholding in Indosat. In March 2009, the Group increased its direct shareholding in Indosat to 65.0 per cent. when it successfully completed a cash tender offer for 24.2 per cent. of Indosat's voting shares.

- **Myanmar**: In June 2013, following a government bid process, Ooredoo was one of the successful bidders for the two 15-year mobile licences made available to foreign operators in Myanmar. Ooredoo expects to launch mobile services in Myanmar in the second half of 2014.

- **Other countries**: In 2009 and 2010 the Group launched wi-tribe WiMAX services in Pakistan and the Philippines, respectively, through its operating companies wi-tribe Limited (in which the Group holds an 86.1 per cent. stake) and wi-tribe Asia Limited (which is wholly owned by the Group). In December 2012, in light of current and projected future usage of WiMAX in Jordan, the Group ceased its wi-tribe operations in Jordan. In October 2013, following a reassessment of the business case for "push to talk" services in Saudi Arabia, the Group agreed to transfer ownership of Bravo, its subsidiary operation in Saudi Arabia, to STC.

Capital Structure

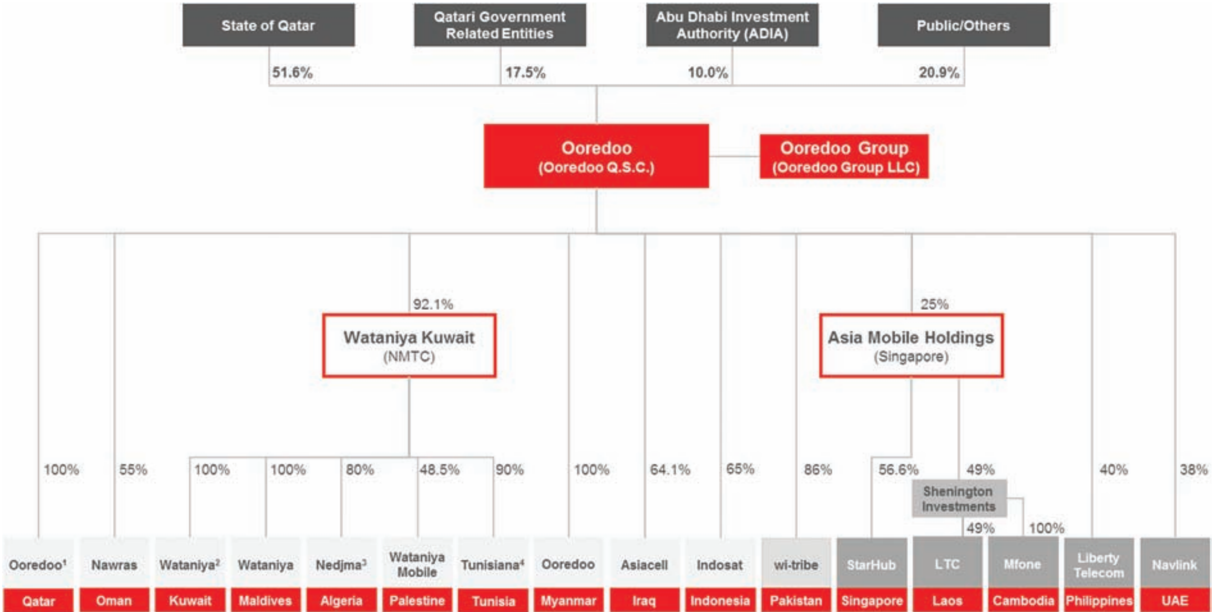
As at 30 September 2013, the authorised share capital of Ooredoo consisted of 500,000,000 ordinary shares of QR10 each, of which 320,320,000 ordinary shares were in issue. In May 2012, the Group announced an increase in Ooredoo's share capital by way of offering 91,520,000 new shares to existing shareholders in the proportion of two shares for every five shares held at a rights price of QR75 per share. This rights issue was fully subscribed and raised around QR6.9 billion (U.S.$1.9 billion).

Qatar is the Ooredoo's largest shareholder, holding, through its wholly-owned subsidiary Qatar Holding LLC (an entity established by the Qatar Investment Authority), 51.6 per cent. of Ooredoo's outstanding voting shares as at the date of this Base Prospectus. In addition, Qatar holds the Golden Share, which, in accordance with the Articles of Association, gives Qatar the exclusive right to, amongst other things, appoint and remove five of the 10 members of the Board, including the Chairman of the Board, together with the right to approve, veto and reverse certain decisions of Ooredoo. Qatar's right to appoint and remove five of the 10 members of the Board applies for so long as its shareholding is maintained.

Any remaining directors not appointed by Qatar are appointed by the General Assembly of Ooredoo by way of a secret ballot in which Qatar has no voting rights. As at 30 September 2013, other than Qatar Holding LLC, the General Assembly includes, but is not limited to, a variety of Government-related entities, including the Qatar Pension Funds, Qatar National Bank S.A.Q. and other Government-related entities, together owning an additional 17.5 per cent. of Ooredoo's outstanding issued voting shares, and the Abu Dhabi Investment Authority, which holds a 10.0 per cent. shareholding. Several members of the Board have held or currently hold positions in the Government. See "*Corporate Governance*".

Operational Structure

The following diagram sets forth the Group's corporate structure as at the date of this Base Prospectus:



(1) Operations integrated within Ooredoo Q.S.C.; also holds 72.5 per cent. of Starlink Qatar.

(2) Operations integrated within NMTC.

(3) 71 per cent. is held via NMTC and 9 per cent. is held via Ooredoo Q.S.C.

(4) 75 per cent. is held via NMTC and 15 per cent. is held via a direct special purpose vehicle of Ooredoo Q.S.C.

Strategy

The Group's principal strategic objectives are: (i) to differentiate its customer experience in order to stand out from its competitors; (ii) to consolidate and strengthen its foundations; and (iii) to invest in new growth opportunities.

These objectives comprise the following components:

Differentiate customer experience

The Group continually seeks to lead in customer experience and develop innovative products and services that address the particular needs of the individual markets in which it operates. These initiatives are part of the Group's continuous effort to provide customers with technologically advanced and value-added telecommunications and information services, such as mobile and fixed broadband services, in a cost-effective manner.

Consolidate and strengthen foundations

The Group is focused on improving its operational performance by: (i) identifying and leveraging operational and financial synergies across the Group; (ii) engaging in product development and innovation activities; and (iii) utilising the experience of its management team to continue to build and manage a diversified and balanced portfolio of telecommunications businesses in emerging markets. Specifically, the

Group is focused on increasing its wireless services revenues from the Group's operations primarily in Iraq, Indonesia, and other developing markets. Ooredoo expects to invest more than QR1 billion (U.S.$ 274.7 million) on capital expenditures in connection with the development of a National Broadband Network in Qatar, in line with the National ICT Plan 2015 (See "*Principal Operations – Qatar – Network Infrastructure*"). The Group is also focused on actively controlling its costs to improve its profit margins as part of an ongoing cost optimisation programme being implemented across all operations.

In March 2013, Ooredoo signed a memorandum of understanding with Samsung Electronics, under which the two companies will collaborate on projects to accelerate the growth of mobile technology and internet adoption across all Ooredoo markets, with a strong focus on Qatar and Indonesia.

Invest in new growth opportunities

The Group is focused on expansion within the MENA, the Asian Subcontinent and the Asia Pacific regions. At present, the Group's business includes a combination of relatively mature markets (for example, Qatar and Kuwait) and emerging markets (for example Iraq and Indonesia). In addition, Ooredoo expects to launch mobile services in Myanmar, an undeveloped market with very low mobile penetration and strong growth projections.

This combination of established and emerging markets is intended to allow the Group to take advantage of the historically stable returns on equity in lower-risk relatively established markets and the potential for greater returns on equity in higher risk emerging markets. In addition, the Group believes that its strategic focus on three diverse geographic regions allows it to reduce the risk to it of economic downturns in any single region.

In Indonesia and Iraq, average market penetration levels have increased rapidly in recent years. For example, as at 30 September 2013, mobile penetration rates were approximately 120 per cent. in Indonesia and 86 per cent. in Iraq, compared to 106 per cent. and 80 per cent., respectively, as at 30 September 2012. These increasing levels of penetration, coupled with the high population growth rates in these markets, provide a potential revenue growth opportunity for the Group. In addition, in each of the four principal markets of Qatar, Indonesia, Kuwait and Iraq, it is one of the top two providers of telecommunications services as measured by customer numbers. The Group's strategic plan aims to improve or stabilise (as the case may be) its position in these markets through improved network capacity, customer service and quality of service, and by providing more value added services. The Group believes that future growth in high penetration markets such as Qatar will come from the mobile, corporate managed services and broadband markets and will require enhanced products and services as well as high levels of quality and services. The Group has established forums for the executives and boards of directors of the Group's subsidiaries to meet and discuss best practices and strategic plans for expansion of their respective businesses.

In June 2013, following a government bid process, Ooredoo was one of the successful bidders for the two 15-year mobile licences made available to foreign operators in Myanmar, where it expects to launch mobile services in the second half of 2014. Myanmar is amongst the most undeveloped mobile telecommunications markets in the world, with mobile penetration of 9 per cent. at the end of 2012, according to official estimates. The government of Myanmar has stated its aims to increase mobile penetration to between 75 and 80 per cent. by the year 2016. The Group believes that this projected rapid growth in Myanmar, if realised, provides a significant revenue growth opportunity for the Group, in line with the Group's principal strategic objectives.

Competitive Strengths

The Group believes that its business is characterised by the following key competitive strengths.

Government ownership

Qatar is Ooredoo's largest shareholder, owning through its wholly-owned subsidiary Qatar Holding LLC, 51.6 per cent. of Ooredoo's outstanding issued voting shares. In addition, Qatar holds the Golden Share in Ooredoo (see "*Business Description of the Group – Capital Structure*"). Other Government-related entities together own an additional 17.5 per cent. of Ooredoo's outstanding issued voting shares.

Furthermore, several members of the Board have held or currently hold positions in the Government. Qatar's representatives on the Board also hold other key roles in Qatar's political, governing and corporate arenas. Ooredoo believes that it has the support of Qatar with regard to both the operation of its businesses and its international expansion. Qatar has a strong investment-grade credit rating of Aa2 from Moody's and AA from S&P.

Leading market position

The Group believes that it is among the leaders, in terms of revenue and number of customers, in the mobile telecommunications industry in the regions in which it operates. Because of its position as the sole Qatari telecommunications provider prior to March 2009, Ooredoo has been able to build a strong domestic market position and a consistent revenue base. These strengths, and the historic lack of competitors in Qatar, have allowed the Group to focus on and implement its international growth strategy. For example, the Group believes that Ooredoo's acquisition of Indosat in June 2008, the joint acquisition of an additional 25.0 per cent. of Tunisiana, via Wataniya, in January 2011 and the increase in Ooredoo's stakes in Asiacell in June 2012 and February 2013 and Wataniya in October 2012 were each supported by its strong capital and revenue base. The Group believes that its acquisitions and increase in stakes from 2007 onwards have strengthened its overall competitive position and improved its growth prospects.

Diversified and Balanced International Portfolio

The Group has established a diversified and balanced international portfolio of telecommunications assets in 15 countries in the MENA, the Asian Subcontinent and the Asia Pacific regions, with a total customer base of approximately 89.6 million as at 30 September 2013. The Group believes that it has a geographically diverse mobile telecommunications business, with operations in relatively mature markets, such as Qatar, Kuwait and Oman, and in markets with a potential for growth, such as Indonesia and Iraq. Moreover, the Group believes it has demonstrated an ability to grow telecommunications businesses in emerging markets, and that its diverse geographic base along with its leading market position in most of the markets in which it operates mitigates certain risks that would otherwise be associated with a focus on one or several markets.

Experienced international management team

The Group's management team of industry professionals has significant experience in the mobile and fixed-line telecommunications sectors and has a proven track record in growing its business, through both making and subsequently integrating acquisitions, and by implementing initiatives leading to organic growth. In addition, the Group continues to appoint key personnel to better position its business for its next growth phase and has strengthened key management positions in line with its corporate structure. The Group believes that the composition of its management team puts it in a strong position to successfully implement its growth strategy, as well as to focus on improving its operating performance as the Group encounters opportunities to generate benefits from its significant investments in infrastructure to date.

Senior Ooredoo executives sit on the boards of directors of all of Ooredoo's direct subsidiaries, including some of those in which the Group maintains only a minority shareholding, such as Asia Mobile Holdings and NavLink, ensuring consistency and compliance with the Group's overall strategy.

Products and Services

The Group derives its revenue by providing telecommunications services to its customers. For the nine-month period ended 30 September 2013, the Group earned QR25,651.6 million (U.S.$7,047.1 million) in revenue, of which QR22,549.3 million (U.S.$6,194.9 million) or 87.9 per cent. was from providing wireless services, which are predominantly related to providing mobile telecommunications services. The following table sets forth details of the Group's principal products and services offerings or licences it offers in the markets indicated. For a description of these products and services, see "*Business Description of the Group – Products and Services – Wireless Businesses*".

		Wireless Technologies		Wireline Businesses	
Market	*Operator*	*Mobile Telecommunications*	*Mobile Broadband*	*Fixed Network*	*Other Services*
Operations					
MENA					
Qatar	Ooredoo	GSM[1], WCDMA, Tetra, 4G/LTE, IPX+	WiMAX[2], DC-HSDPA	Telephony, Fixed Internet Access, Navlink[5]	International Gateway TV, Corporate Managed Services[3]
Kuwait	Wataniya	GSM, WCDMA, 4G/LTE	HSDPA		
Iraq	Asiacell	GSM			
Oman	Nawras	GSM, WCDMA, 4G/LTE	HSDPA, HSPA+, WiMAX	Telephony, Fixed	International Gateway
Algeria	Nedjma	GSM, WCDMA		Internet Access	International Gateway
Tunisia	Tunisiana	GSM, WCDMA		Telephony, Fixed Internet Access[4]	International Gateway
UAE	Navlink[5]				Corporate Managed Services[3]
Palestine	Wataniya	GSM			International Gateway
Asia Pacific					
Indonesia	Indosat	GSM, WCDMA, CDMA[8]	HSDPA	Telephony, Fixed Internet Access	International Gateway Satellites[6]
Pakistan	wi-tribe		WiMAX		International Gateway
Maldives	Wataniya	GSM, WCDMA, 4G/LTE[9]	HSDPA		
Singapore[7]	StarHub	GSM, WCDMA	HSDPA	Fixed Internet Access	International Gateway
Laos[7]	LTC	GSM		Telephony, Fixed Internet Access	International Gateway[7]
Cambodia[7]	mFone	GSM	WiMAX		
Philippines	wi-tribe		WiMAX	Wireless Broadband	
Myanmar	Ooredoo	TBD	TBD	TBD	TBD

Notes:

(1) GSM includes GPRS and EDGE.

(2) Ooredoo uses WiMAX to deliver fixed services to areas in Qatar that are not yet connected by copper cables to its fixed network.

(3) Ooredoo's corporate managed services business is based in Qatar but is able to offer services throughout the MENA region.

(4) Tunisiana was granted a fixed internet access licence in 2012, although operations have not yet commenced.

(5) NavLink provides managed services, data hosting and other enterprise services.

(6) Indosat owns and operates two satellites for its own traffic and sells capacity and services to other users.

(7) Associate companies, held through Asia Mobile Holdings but not controlled by the Group.

(8) Indosat intends to convert its CDMA spectrum to eGSM spectrum to be used for regular GSM cellular business.

(9) 4G/LTE services in Maldives currently in trialling phase.

Wireless Businesses

Mobile Telecommunications

The Group operates a number of different types of mobile technologies in the markets in which it operates:

- *GSM*: stands for Global System for Mobile Communications, a comprehensive digital network for the operation of all aspects of a cellular telephone system. GSM operates in the 900MHz and 1.8GHz bands. By having a harmonised spectrum across most of the globe, GSM's international roaming capability is designed to allow users to access the same services when travelling abroad as they can at home.

- *GPRS*: stands for General Packet Radio Service, a packet-based telecommunications service designed to send and receive data at rates from 56 Kbps to 114 Kbps that is designed to allow continuous connection to the internet for mobile phone and computer uses. GPRS is a specification for data transfer over GSM networks.

- *EDGE*: stands for Enhanced Data GSM Environment, a technology providing up to three times the data capacity of GPRS. EDGE uses a new modulation scheme designed to enable data speeds of up to 384 Kbps within the existing GSM spectrum. EDGE uses the same structure as today's GSM networks, which allows it to be overlaid directly onto an existing GSM network. For many existing GSM/GPRS networks, EDGE is a simple software-upgrade.

- *CDMA*: stands for Code Division Multiple Access, also known as 2G. CDMA is a multiple access scheme for digital radio, to send voice, data and signalling information (such as a dialled telephone number) between mobile telephones and cell sites. CDMA permits several radios to share the same frequencies and network capacity and does not directly limit the number of active radios. Since larger numbers of phones can be served by smaller numbers of cell-sites, CDMA-based standards have a significant economic advantage over older standards.

- *WCDMA*: stands for Wideband CDMA and is also known as spread spectrum, or 3G, WCDMA cellular systems utilise a single frequency band for all traffic, differentiating the individual transmissions by assigning them unique codes before transmission. WCDMA operates in the 900 MHz and 2100 MHz band. WCDMA enables the continued support of voice, text and MMS services in addition to richer mobile multimedia services such as: music, TV, video, entertainment content and internet access.

- *HSDPA*: stands for High Speed Downlink Packet Access and is a 3G wireless technology enhancement enabling significant increases in data transmission speeds. It allows increased mobile data traffic and improves the customer experience through the availability of 3G broadband services and significantly shorter data transfer times. In particular, HSDPA focuses on improving the speed of the download between network and mobile.

- *4G/LTE*: 4G is the fourth generation of mobile phone mobile communications standards. A 4G system provides mobile ultra-broadband internet access, for example to laptops with USB wireless modems, to smartphones, and to other mobile devices. LTE, or Long Term Evolution, refers to the ongoing process of improving wireless technology standards and increasing broadband speeds. Ooredoo has launched LTE commercial services in Qatar, Oman and Kuwait.

- *IPX+*: stands for Internetwork Packet Exchange and is a connectivity platform offering integrated access to multiple data transport options over a converged IP network, supporting multiple services across networks. It supports a combination of services, including VoIPX, LTE roaming over IPX and messaging. IPX Connect is a key component of the LTE Roaming service, and supports data roaming from GRX to IPX.

Mobile Broadband

The Group offers mobile broadband services through HSDPA, LTE (each discussed above) and WiMAX. WiMAX is a telecommunications technology that provides wireless transmission of data using a variety of transmission modes, from point-to-point links to portable internet access. The technology is based on the IEEE 802.16 standard (also called Broadband Wireless Access). WiMAX has been described as "*a standards-based technology enabling the delivery of last mile wireless broadband access as an alternative to cable and DSL*". The bandwidth range of WiMAX makes it suitable for the following potential applications, such as providing:

- a wireless alternative to cable and DSL for "last mile" broadband access;
- data and telecommunications services;
- voice over internet services;
- a source of internet connectivity as part of a business continuity plan; and

- portable connectivity.

Wireline Businesses

Fixed Network

The Group provides fixed line telecommunications services to both corporate and consumer customers primarily in Qatar, Indonesia and Oman and plans to launch fixed line service in Tunisia by the end of 2013. The Group's fixed line network provides fixed line telecommunications services such as fixed-line telephony, television services and fixed narrowband and broadband internet access.

Fixed line telephony. The Group's fixed line telephony services are available in Qatar, Indonesia and Oman and provide connections from a customer's premises to the Group's fixed line telecommunications network. Throughout Qatar, Ooredoo provides digital fixed line telephony service, internet protocol telephony services and other related services such as caller ID, voicemail, conference calls, call restriction, information services and call forwarding.

Fixed Internet Access. In response to the changing dynamics in the fixed line telecommunications market, such as fixed-to-mobile substitution and migration from narrowband usage to broadband usage, the Group has focused its efforts in the fixed-line market primarily on building its direct access and broadband customer bases. The Group's consumer fixed broadband was first launched in Qatar in 2002 and offers customers a number of products and services to enhance their access to data services. For example:

- Indosat offers high-speed point-to-point international and domestic digital leased line broadband and narrowband services, a high-performance packet-switching service and satellite transponder leasing and broadcast services; and

- Ooredoo currently offers television services in Qatar under its brand "Mozaic", an internet protocol television offering, which delivers digital television services over a broadband connection. This allows Ooredoo to deliver television content that, instead of being delivered through traditional broadcast and cable formats, is received by the viewer through the technologies used for computer networks. For residential users in Qatar, Ooredoo's television services are provided in conjunction with Video on Demand and may be bundled with DSL internet access and digital telephony. Ooredoo also uses microwave solutions to provide television services.

Fixed line narrowband and broadband internet access are provided through several methods including leased lines and internet protocol based internet access. By the end of 2014, Ooredoo expects to invest approximately QR600.0 million (U.S.$274 million) on capital expenditures in the first phase of replacing the existing copper network in Qatar with a modern fibre optic network in order to deliver ultra-fast internet access. The total eventual cost of the project is estimated at approximately QR1.0 billion (U.S.$274.7 million). Existing Ooredoo customers are entitled to switch to the new fibre optic network free of charge.

Corporate Managed Services. Corporate customers in Indonesia, Oman and Qatar can connect their internal, local and international networks to the Group's fixed line network. In addition, corporate customers are offered fixed line internet access and the Group provides managed information technology network services including providing firewalls and security for networks and managing customers' routers or entire networks remotely.

In November 2006, in order to provide more advanced corporate managed services across the MENA region and to gain greater global reach, the Group entered into a joint venture with AT&T called NavLink. NavLink provides internet-related consulting services, system and network integration services, technical support and managed services of information technology infrastructure, enterprise hosting and networking. NavLink's managed services business provides: data backup; archiving and restoration; platform monitoring (including hardware monitoring, event and error log analysis); server administration and monitoring; security services (including early warning of cyber-attacks); and disaster recovery services.

Other Services International Gateway. The Group operates its own International Gateways in all of the markets in which it operates, except Algeria, Kuwait and Iraq. International Gateways provide a point of interconnection between an international carrier and a national carrier. An International Gateway commonly

serves not only as a physical gate between the international and the national networks, but also as a point-of-protocol conversion.

Satellite. Indosat leases transponder capacity on its Palapa-C2 and Palapa D satellites, which are in orbit over the Asia Pacific region, to broadcasters and telecommunications operators. Indonesia has a large television market in which a number of privately owned domestic broadcasters and international programmers compete with the state-owned broadcaster. Many of these domestic and international broadcasters lease capacity on Indosat's satellites. Indosat has entered into lease arrangements governing transponders on the Palapa D satellite that vary in duration but generally terminate within two to five years of the effective date of the lease. Indosat also leases transponder capacity on the Palapa-C2 satellite, with a maximum lease term of four years, to other telecommunications operators. The transponder leases may be terminated for breach of the lease agreement and, in addition, most of the leases provide that the lessee may terminate the lease with notice (generally six to 12 months) subject to the lessee paying a termination fee equal to a percentage of the lease payments that would have been due had the lease not been terminated.

Indosat also provides a variety of other supplementary satellite services, including occasional use for TV services, telecast services, telemetry, tracking and control services, private network services, Internet access and multimedia and video conferencing.

Telecommunications Operations

Customers and Tariffs

The Group's wireless services activities, which are predominantly related to providing mobile telecommunications services, accounted for 87.9 per cent. of its revenues for the nine-month period ended 30 September 2013, and generate revenue primarily as a function of:

- the number of customers served, which in turn is a function of the Group's ability to acquire new customers and retain existing customers; and
- the revenue generated from each customer, which in turn is a function of the types and amount of services utilised by each customer and the rates that the Group charges for those services.

The Group offers mobile services to both corporate and individual customers. The services are sold through "postpaid" and "prepaid" plans. Postpaid customers subscribe for a minimum fixed term, payable on a monthly basis, while prepaid customers pay in advance for a fixed amount of airtime and services. The tariff structure differs between postpaid and prepaid plans, with prepaid customers subject to higher tariffs to offset the absence of monthly subscription fees. ictQATAR sets out the framework for the determination of tariffs, prices and charges and acts as an adjudicator in disputes. Various provisions of Ooredoo's licence and the Qatari Telecommunications Law require Ooredoo to disclose and in some cases obtain prior approval for its tariffs.

Postpaid and prepaid customers generally have access to the same local and long-distance telecommunications services, including telephone calls and international direct long-distance dialling except with respect to international roaming where prepaid customers have access to fewer countries than do postpaid customers. In addition, the Group usually offers a variety of additional, value added services, functions and features, including SMS, mobile data and facsimile services, voicemail, caller identification, call holding, call waiting and call forwarding. In its more mature markets, the Group also offers more advanced services including voice SMS, MMS, ring-back tones, email (which includes BlackBerry), mobile television and access to music libraries.

In addition, the Group usually provides services such as detailed billing, direct debit payment, prepaid airtime recharge via SMS and international roaming to their customers. Although the Group's subsidiaries operate independently of one another, the Group exercises control over the quality and direction of the services provided by each subsidiary through oversight procedures conducted by the Group's management.

Network Infrastructure

The Group has developed integrated network infrastructure providing extensive coverage throughout the countries in which it operates. The Group's network infrastructure is fundamental to its ability to provide wireless and wireline services to its customers. The Group uses a variety of suppliers for its infrastructure throughout its operations.

Wireless Network

The Group offers and maintains mobile telecommunications services, whether telephony or internet, or both, over its wireless network in every country in which it operates. When a voice call or a data transmission is made on a mobile device, voice or data is sent from the device and transmitted by low powered radio signals to the nearest base station, which in turn is connected to the core network of the relevant Group operating company via the access transmission infrastructure. Each base station provides coverage over a given geographic area, often referred to as a cell. Cells can be as small as an individual building or as large as 20 miles across and each is equipped with its own radio transmitter and receiver antenna. This network of cells provides, within certain limitations, coverage over the service area. When a customer using a mobile device approaches the boundary of one cell, the mobile network senses that the signal is becoming weak and automatically hands over the call to the transmission unit in the next cell into which the device is moving.

The principal components of a mobile telecommunications network are:

- *base transceiver stations*: consisting of a transmitter and receiver and serving as a bridge between mobile users in one cell and the mobile switching centre via base station controllers and radio network controllers;
- *base station controllers/radio network controller*: devices that connect to and control the base station within each cell site;
- *mobile switching centres*: control the base station controllers and the routing of telephone calls;
- *transmission lines*: lines that link the mobile switching centres, base station controllers, base stations and fixed telecommunications networks;
- *home location register*: a database residing in a local wireless network that contains service profiles and checks the identity of a local customer;
- *visitor location register*: a network database that holds information about roaming wireless customers;
- *various platforms for other mobile services*: for example the SMSC (the SMS centre) and the MMSC (the MMS centre); and
- *billing centre*: a network database holding information about customer accounts and, for prepaid customers, a real time accounting of airtime and services used.

Although these components are utilised in all of the countries in which the Group operates a mobile telecommunications network, each of the Group's subsidiaries operates and maintains its own network infrastructure. Under the laws of most of the jurisdictions in which the Group operates, an owner of telecommunications infrastructure must also hold a licence to install, operate and provide services over the network, with the exception of Iraq and Kuwait, where a holder of a licence may acquire, lease or otherwise obtain from other authorised telecommunication service providers transmission, back-haul or long distance capabilities for routing and transport of telecommunications traffic originating or terminating on its network.

Wireline Network

The Group currently offers fixed line telecommunications services, to both individual and corporate customers in Qatar, Indonesia and Oman with the launch of similar services in Tunisia planned for 2013. When communication takes place over fixed-line networks, the traffic flows over a traditional wired infrastructure until the point it reaches the operator's access gateway where it connects to the core transmission infrastructure.

Marketing and distribution

Although the Group provides guidance to its subsidiaries as to best practices for developing their marketing and distribution activities, each subsidiary is responsible for marketing its services in the countries and regions in which it operates. As the number of products and services offered by the Group, particularly value-added and intelligent network services, continues to grow, the Group believes that increasing customer awareness of these new products and services is critical to its success. The Group seeks to increase consumer awareness of its new products and services, build customer loyalty, differentiate its services from those of its competitors, pick unique selling points, enhance customer experience and improve ease of use.

In addition, the Group seeks to supplement its marketing efforts with corporate and event sponsorships. For example, in September 2013, Ooredoo announced that it had established a sponsorship agreement with French Ligue 1 football club Paris Saint-Germain. Ooredoo has also appointed FC Barcelona and Argentina National Team football player Lionel Messi as its global brand ambassador, in which role he will support Ooredoo in various community initiatives around the world.

The Group's sales structure utilises different types of distribution channels, adapted for different customer segments. In each market, the Group deploys the mix of channels that it believes is best suited for the demographics of the customers in that market. This typically includes a combination of direct account managers, owned shops, third party branded shops, third party unbranded shops, telephone and internet based sales. The Group typically controls its physical distribution network in any market in which it operates, but also seeks to distribute a significant portion of its products and services through third parties that have their own distribution networks.

Customer Relationship Management

The Group provides after sales support through three channels: contact centres; its own and third party branded shops; and online through its web portals and self-care applications. Each subsidiary of the Group maintains its own database relating to services used by each customer in order to facilitate and tailor its customer care.

In general, the Group believes customer care is an important mechanism for growing its revenue and increasing its customer base and all of its subsidiaries conduct detailed surveys relating to levels of customer satisfaction on at least a quarterly basis. In addition, the Group provides guidance and best practices to its subsidiaries to increase the efficiency of customer care channels and to reduce costs.

Competition

As at 30 September 2013, the Group was one of the top two largest operators based on number of customers in the key markets of Qatar, Indonesia, Kuwait and Iraq, as well as Tunisia, Algeria and Oman. Telecommunications markets are competitive, with a number of providers in most countries in which the Group operates. The Group's principal competitors are other mobile network operators (and in some markets, integrated operators) in each of its geographic markets, many of whom are, or were, the original incumbent operators in their respective markets. Moreover, the mobile telecommunications business, in particular, has become increasingly competitive during recent years. Competition is based principally on brand, network coverage and technical quality, price, the availability of data services and value added features and quality and responsiveness of customer service. The consumer broadband business is principally competitive based on speed of connection, data usage allowances and price of services. For a discussion of competition concerns for each of the Group's principal operations see "*Business Description of the Group – Principal Operations – Qatar – Competition", "Business Description of the Group – Principal Operations – Indonesia – Competition", "Business Description of the Group – Principal Operations – Kuwait – Competition"* and *"Business Description of the Group – Principal Operations – Iraq – Competition*", below.

Regulation

Regulatory activities by national authorities in the countries in which the Group operates have a significant impact on the telecommunications sector and on the Group's business. The competitive environment is also impacted by regulation in a number of other areas, including the allocation of radio spectrum, the provision of network access to third parties and network sharing. The Group anticipates that regulation will continue

to have a major influence on both the Group and the telecommunications industry. For a discussion of the regulatory framework in each of the Group's principal operations see "*Business Description of the Group – Principal Operations – Qatar – Regulation", "Business Description of the Group – Principal Operations – Indonesia – Regulation", "Business Description of the Group – Principal Operations – Kuwait – Regulation"* and *"Business Description of the Group – Principal Operations – Iraq – Regulation*", below.

Licences

The Group is dependent on the licences that each operating company holds to provide their telecommunications services. Further detail on the issue and regulation of licences is in the "*Regulation*" descriptions for each of the principal operations below. The table below summarises the significant fixed and mobile licences held by the Group as at the date of this Base Prospectus. In addition, the Group has a number of other licences to provide other services, such as WiMAX, in the countries in which it provides such services.

Each of the Group's licences requires that the operating company complies with the terms of the licence and other relevant legislation in order to maintain the validity of the licences.

	Fixed Licence Expiry Date	*Mobile Licence Expiry Date*
Qatar	6 October 2032	6 October 2027
Kuwait	–	12 October 2022
Iraq	–	29 August 2022
Oman	6 June 2034	18 February 2020
Algeria	–	13 January 2019
Tunisia	May 2027	23 May 2017
Pakistan	15 August 2024(1)	31 October 2024
Indonesia	Unlimited(2)	Indefinite(3)
Maldives	–	31 January 2020
Palestine	–	10 September 2024
Myanmar	–	15 years from the effective date(4)

Notes:

(1) The Group's operations in Pakistan have a licence to provide long distance international telecommunications services and also have a "wireless local loop" licence, expiring on 31 October 2024.

(2) The licence is of unlimited validity subject to compliance with laws and regulations and subject to an evaluation every year and a comprehensive evaluation every five years. The provision of fixed wireless access also depends on the validity of each radio frequency band licence.

(3) The licence is of indefinite validity subject to compliance with legislation and operating business and subject to a comprehensive evaluation every five years. The provision of mobile services also depends on the validity of each radio frequency band licence.

(4) In June 2013, Ooredoo was one of the successful bidders for the two 15-year mobile licences made available to foreign operators in Myanmar.

Principal Operations

Although the Group provides mobile telecommunications services in many of the countries and regions in which it operates, the Group considers its principal operations to be its mobile telecommunications operations in Qatar, Indonesia, Kuwait and Iraq, principally on the basis of percentage of Group revenue generated by, and the Group's holding in, these operations.

Qatar

Overview

Qatar is an Arab state in the Middle East, which shares a land border as well as maritime borders with Saudi Arabia and maritime borders with the Kingdom of Bahrain, the United Arab Emirates and the Islamic Republic of Iran. According to the United Nations Statistics Division Demographic Yearbook 2010, Qatar has an area of approximately 11,586 square kilometres and the Qatar Statistics Authority has estimated

Qatar's population at 2.0 million at the end of September 2013. According to the Economist Intelligence Unit's Country Profile dated May 2013 for Qatar, Qatar's estimated GDP per capita for the year ended 31 December 2012 was U.S.$104,756, its real GDP growth rate between 2008 and 2012 was 13.0 per cent., and its consumer price inflation rate was 2.1 per cent. As at the date of this Base Prospectus, sovereign credit ratings for Qatar stood at AA (Standard & Poor's) and Aa2 (Moody's). Ooredoo believes that Qatar's demographic profile forms a strong base for long-term demand for its consumer mobile services. As at 30 September 2013, market penetration in Qatar's mobile telecommunications market stood at 184.5 per cent.

The Group's operations in Qatar are managed by Ooredoo. As at 30 September 2013, Ooredoo provided mobile telecommunications services in Qatar to 2.4 million mobile customers. As at 30 September 2013, Ooredoo was the largest cellular operator in Qatar by number of customers, with an estimated 67 per cent. market share by revenue. Until March 2009, Ooredoo was the only provider of mobile telecommunications services in Qatar. In the nine months ended 30 September 2013, the Group's operations in Qatar generated revenues of QR4,860.3 million (U.S.$1,335.2 million), which amounted to 18.9 per cent. of the Group's consolidated revenues.

Customers and tariffs. The following table presents information about Ooredoo's mobile customers in Qatar as at 30 September 2012 and 2013 and 31 December 2010, 2011 and 2012.

	As at 31 December			*As at 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
Mobile customers:[1]					
Prepaid	1,791,381	1,726,587	1,822,273	1,752,057	2,087,373
Postpaid	261,159	270,456	291,149	291,245	317,533
Total	2,052,540	1,997,043	2,113,422	2,043,302	2,404,906

Note:

(1) "**Mobile customers**" includes total registered and active mobile customers at the end of the relevant period. Ooredoo defines an active customer as: (i) in the case of a postpaid customer, the customer has activated the SIM and has no outstanding balance on the account more than 120-145 days after the last statement date; or (ii) in the case of a prepaid customer, the customer has activated the SIM and has not failed to recharge after 120 days of validity expiry.

Ooredoo, as the incumbent telecommunications provider in Qatar, has an established brand, a robust network infrastructure and an extensive distribution network. Vodafone Qatar launched its mobile telecommunications services in Qatar from March 2009. Ooredoo has continued to invest in an expansion of its capacity and coverage for mobile telecommunications customers to improve Ooredoo's existing network infrastructure, for example the introduction of 4G/LTE services, and invest in and improve its customer service. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flow – Capital Expenditures*".

The following table presents information about Ooredoo's ARPU in Qatar for the periods indicated.

	For the three months ended 31 December			*For the three months ended 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
	(unaudited, figures in QR)				
ARPU:[1]					
Postpaid	390.2	443.9	443.1	482.9	430.9
Prepaid	69.8	98.3	98.6	97.6	83.2
Blended APRU	134.7	145.2	148.7	153.2	124.0

Note:

(1) For a discussion of the calculation of ARPU, see "*Presentation of Financial and Other Information – Industry, Market and Customer Data – ARPU*". ARPU data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

When mobile telecommunications services were first introduced in Qatar, customers were primarily wealthy individuals and business customers. As activation fees and handset prices declined, mobile services became increasingly affordable and popular with the broader middle and lower-income market. These customers typically have lower average monthly usage and higher price-sensitivity than the mobile customers of the early development of the Qatari market.

Ooredoo offers wireless services in Qatar on both a prepaid basis and a postpaid basis and through various tariff plans. As at 30 September 2013, 13.2 per cent. of Ooredoo's mobile customers in Qatar were postpaid customers and 86.8 per cent. were prepaid customers.

Ooredoo offers prepaid plans to individual customers in Qatar under the brand name "Hala". Customers accessing the Hala service pay an up-front fee for a set amount of services and receive a prepaid SIM card that has an initial credit. This credit can be replenished by a variety of means, including at physical points of sale, such as news-stands, tobacco shops, kiosks, ATMs and over the Internet. Ooredoo offers a variety of branded consumer and business-oriented products and services to its prepaid customers in Qatar.

Ooredoo offers postpaid plans to individual customers in Qatar under the brand name "Shahry". The Shahry monthly service enables customers to choose from a variety of packages, most of which includes a number of local voice minutes, SMS, MMS and internet download options at rates lower than those available under Ooredoo's prepaid services.

In addition to the Hala and Shahry services, Ooredoo offers individual customers:

- "Mozaic" which combines television, internet and fixed line telephone services into a single monthly package;
- "BlackBerry"® which allows customers to access up to 10 email accounts using advanced BlackBerry® push email technology to allow the customers to be constantly connected to their email; and
- USB broadband which is primarily for allowing customers to access the internet via laptop computers from wherever there is Ooredoo coverage.

Ooredoo also offers a variety of services to its business customers in Qatar, including networking capabilities, Ethernet internet connectivity, packages combining data, voice and broadband services at a single monthly rate and various mobile financial services.

Network Infrastructure. As at 30 September 2013, Ooredoo's mobile telecommunications network in Qatar comprised 1,016 cell sites (the definition of which differs from company to company, although Ooredoo defines a cell site as the infrastructure and radio equipment associated with a cellular transmitting and receiving station, including land, building, tower, antennas and electrical equipment) and four mobile switching centre servers and eight media gateways. Ooredoo regularly monitors congestion on its network to assess whether the network has sufficient capacity to meet the volume of traffic. In addition, Ooredoo has entered into purchase orders with its main vendors to expand its mobile network in Qatar. Management at Ooredoo believes that the capacity of Ooredoo's network is adequate for the current customer base but plans to invest additional amounts in increasing the capacity and quality of network coverage to meet anticipated growth in demand for mobile telecommunications services in Qatar. In early 2010, as part of this investment, Ooredoo completed the upgrade of its existing mobile broadband network and base stations, allowing it to provide high speed downlink packet access (HSDPA) for Qatar, allowing users to benefit from improved data download speeds and is currently rolling out "Fibre to the Home" (FTTH), with a stated aim of linking homes across Qatar with fibre connections and allowing them to enjoy ultra-high speed internet and other additional services such as high definition (HD) digital television. As at 30 September 2013, around 74,000 customers in Qatar had signed up to FTTH services, and Ooredoo expects the roll out to be completed in 2015.

In 2009, Ooredoo entered into a strategic partnership with Vodafone Qatar for outdoor and indoor site sharing. This allows, *inter alia*, the sharing of mobile towers between the two companies and the sharing of other infrastructure.

As a result of increasing international capacity requirements, Ooredoo has invested in a number of global cables in order to connect to important and strategic internet data centres in Europe, the United States and Asia. The first of these global cables, the FALCON cable, was connected to Qatar in 2005. In November 2009, Ooredoo entered into a second global cable agreement with TATA Communications for the connection of the TGN (TATA Global Network) Gulf Cable in Qatar. The TGN Gulf Cable system became operational in 2012, facilitating access for carriers and businesses with a direct route into emerging markets of the Gulf region. A third global cable, the Gulf Bridge International (GBI) submarine cable, was connected to Qatar in 2012, further enhancing the diversity and resilience of the Ooredoo network.

Ooredoo owns capacity on multiple global cables (SMW3, SMW4 and IMEWE) connecting Qatar to Europe, the US and Asia through the UAE and Saudi Arabia. Ooredoo is part of the Fibre Optic Gulf (FOG) and Qatar-UAE Bilateral (Das-Halul) Cable Consortiums and is interconnected terrestrially with all three operators in Saudi Arabia.

Ooredoo launched 4G services in Qatar in two phases: 4G for mobile broadband in April 2013, and 4G on smartphones in October 2013. In addition to Doha, 4G is now available in Wakra, Dukhan, Shahaniya and Sumaysimah, the Sealine Beach Resort and the Losail International Circuit. Ooredoo plans to cover all inhabited areas of Qatar by the first half of 2014. Ooredoo Qatar has announced a 4G roaming trial to be conducted in the second quarter of 2014 and a VoLTE trial in late 2014.

Marketing and Distribution. Ooredoo sells its mobile telecommunications services in Qatar through indirect channels (third party distributors and electronic channels), Ooredoo-owned shops and through a sales force focused on the corporate sector. In addition, Ooredoo also currently sells a limited number of handsets through its subsidiary Starlink. For the year ended 31 December 2012, Ooredoo's revenues were generated approximately equally from sales through indirect channels, Ooredoo-owned shops and through its own sales force. For its corporate customers all of its revenue is generally generated through direct sales methods.

Customers in Qatar can apply for prepaid services, postpaid services and can pay their bills from four distributors and 11 premium dealers with approximately 131 exclusive shops throughout Qatar.

Ooredoo has agreements with four principal national distributors that together cater to 4,000 sales outlets. These distributors sell mostly prepaid services to the middle-to lower-income market. In addition to this indirect channel, Ooredoo owns and operates over 23 shops, which also act as points of service and support its customers. Ooredoo's sales force focuses on selling telecommunications services to corporate customers and high-value users.

Competition. Until March 2009, Ooredoo was the sole telecommunications provider in Qatar and was not subject to competition from other service providers, except in certain limited circumstances, including where it permitted third parties to sell products or provide services that competed with products and services that it provided. However, in keeping with the trend throughout the MENA region toward liberalising telecommunications markets, ictQATAR issued a licence to provide mobile telecommunications services in Qatar to Vodafone Qatar. Vodafone Qatar began offering its mobile services in Qatar in March 2009 and obtained a licence to operate a fixed line service on 29 April 2010.

Regulation. The telecommunications regulatory authority in Qatar, ictQATAR, grants licences to service providers, implements policies designed to promote competition in the telecommunications sector in Qatar and imposes and monitors specific regulatory obligations for dominant operators. For a discussion of the financial impact of granting a licence to competitors, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Royalties, Fees and Tax in Qatar*".

In 2008, ictQATAR granted Vodafone Qatar a licence to provide mobile telecommunications services in Qatar. Vodafone Qatar's licence is similar to Ooredoo's licence in most respects. The licence requires that Vodafone Qatar to provide performance bonds to guarantee its performance obligations under the licence. In April 2010 Vodafone Qatar was granted a fixed telecommunications licence.

In October 2011, following the MDDD Review, ictQATAR designated Ooredoo as a dominant service provider in all 14 telecommunications markets in Qatar. These telecommunications markets are split into:

retail markets, which include publicly available fixed and mobile services, broadband services and retail leased lines; and wholesale markets, which include call origination and call termination, transit services, wholesale leased lines and access to and the use of physical passive network infrastructure (such as ducts, dark fibre, copper, sites, towers and international gateway facilities) at fixed locations. From the MDDD Review, Vodafone Qatar was also designated as a dominant service provider in two wholesale telecommunications markets. Under the Qatari Telecommunications Law, the licences issued to Ooredoo and Vodafone Qatar, and other regulatory instruments, the designation as a dominant service provider triggers a range of regulatory obligations, such as the requirement to obtain pricing and tariff approval from ictQATAR and the prohibition of any activities constituting an abuse of dominant position, such as price discrimination, bundling and tying, cross-subsidisation and refusal to supply.

ictQATAR has, over the years, intervened to set the rates that Ooredoo and Vodafone Qatar should pay each other in respect of interconnection charges and for other types of access. A strategic sector review on the structure of the market, including proposals to issue new licences for the sale or resale of telecommunications services and the establishment of private networks, was concluded in 2011.

ictQATAR has opened public consultations regarding the rollout of infrastructure for new large-scale projects, public utilities, major regional projects or large-scale multi-purpose developments. If required in relation to a particular project, ictQATAR may issue licences to companies to construct passive telecommunications networks, consisting of the cables and towers capable of transmitting telecommunications services. The holders of such passive licences may lease or rent such networks to certain qualifying persons, including licensed telecommunications providers. To date, ictQATAR has issued two such licences, to United Development Company PSC and QNBN. It is currently unclear whether ictQATAR will issue any more licences for passive infrastructure, but the issuance of further such licences could raise the costs incurred by the Group to provide telecommunications services in Qatar or have an adverse effect on the quality of the network available to carry the Group's services.

In early 2012, Ooredoo signed an agreement with QNBN giving QNBN access to all of the ducts owned by Ooredoo.

Mobile number portability services, allowing customers to switch mobile service providers whilst retaining their existing telephone numbers, were introduced in Qatar in January 2013.

Indonesia

Overview

Indonesia is made up of 17,504 islands in the Asia Pacific region. According to the United Nations Statistics Division Demographic Yearbook 2010, Indonesia has an area of approximately 1,811,569 square kilometres and, according to its official census in 2010, it had an estimated total population of 237.6 million, the fourth largest population in the world. According to the Economist Intelligence Unit's Country Profile dated May 2013 for Indonesia, Indonesia's estimated GDP per capita for the year ended 31 December 2012 was U.S.$3,537, its real GDP growth rate between 2008 and 2012 was 5.9 per cent., and its consumer price inflation rate was 5.9 per cent. As at the date of this Base Prospectus, sovereign credit ratings for Indonesia stood at BB+ (Standard & Poor's), Baa3 (Moody's) and BBB- (Fitch).

As at 30 September 2013, Ooredoo's subsidiary, Indosat, provided mobile telecommunications services in Indonesia to 53.7 million mobile customers. As at 30 September 2013, Indosat was among the top three largest cellular operators in Indonesia by number of customers, with an estimated 23 per cent. market share by revenue. According to Asosiasi Telekomunikasi Selular Indonesia, Indonesia's market is developing and, as at 30 September 2013, the market penetration in its mobile telecommunications market was 120 per cent. compared to 106 per cent. as at 30 September 2012, an increase of 15 per cent. As at 30 September 2013, Ooredoo held a 65.0 per cent. stake in Indosat. In the nine months ended 30 September 2013, Indosat generated revenues of QR6,458.5 million (U.S.$1,774.3 million), which amounted to 25.2 per cent. of the Group's revenues.

Indosat has an established brand and a distribution network covering major cities in Java and Sumatra, as well as population centres in Kalimantan, Papua, Sulawesi and Bali. The Group believes that given the size

of the population and the growth of the mobile telecommunications sector, network capacity and coverage in Indonesia will remain a key strategic differentiator and expects to invest in improving its Indonesian network capacity and coverage. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flow – Capital Expenditures*".

Customers and Tariffs. The following table sets out Indosat's mobile customer numbers as at 30 September 2012 and 2013 and 31 December 2010, 2011 and 2012.

	As at 31 December			*As at 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
Mobile customers:[1]					
Prepaid (in millions)	43.2	50.5	57.8	54.8	53.0
Postpaid (in millions)	1.1	1.2	0.6	0.7	0.8
Total (in millions)	44.3	51.7	58.4	55.5	53.8

Note:

(1) Mobile customers means total registered and active mobile customers at the end of the relevant period. Indosat defines an "active mobile customer" as a mobile customer: (i) who, in the case of a postpaid cellular customer, has no outstanding balance remaining due more than 120 days after the last statement date; or (ii) who, in the case of a prepaid customer, recharges the SIM card within 33 days by adding certain minimum amounts to the SIM card. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – Customer base*".

When mobile services were first introduced in Indonesia, customers consisted primarily of wealthy individuals and business customers, including civil servants working for government entities. As activation fees and handset prices declined, mobile services became increasingly affordable and popular with the broader middle-income market. These customers typically have lower average monthly usage and higher price-sensitivity than the cellular customers during the early development of the Indonesian market, and this has been reflected in a decline in Indosat's ARPU. ARPU for cellular customers for the third quarter of 2013 decreased by 6.0 per cent. compared to the third quarter of 2012. Pricing competition and pressure on ARPU have also increased as a result of significant competitive pressures in Indonesia. The following table presents selected information regarding Indosat's ARPU for the periods indicated.

	For the three months ended 31 December			*For the three months ended 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
	(unaudited, figures in QR)				
ARPU:[1]					
Postpaid	91.2	75.8	69.4	73.4	56.4
Prepaid	12.0	9.3	9.2	10.0	9.1
Blended ARPU	13.4	10.2	9.9	10.8	9.7

Note:

(1) For a discussion of the calculation of ARPU, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – ARPU*". ARPU data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

Indosat offers postpaid plans to individual customers in Indonesia under the brand name "Matrix". The Matrix service enables customers to choose from a variety of packages, most of which include a number of local voice minutes, SMS, MMS and internet download options.

Indosat offers prepaid plans under the brand names "Mentari" and "IM3". Mentari and IM3 offer free national roaming, and the Group believes that Indosat's Mentari and IM3 products have a high degree of brand awareness, thereby providing a competitive advantage when attempting to attract and retain customers in a competitive market. Indosat has differentiated its two prepaid brands based on market segments. The Mentari brand is marketed toward the more mature, premium segment of the prepaid market, whilst the IM3 brand is marketed toward the mass market, younger generation.

Network Infrastructure. As at 30 September 2013, Indosat's mobile telecommunications network in Indonesia comprised 23,207 base transceiver stations and 74 mobile switching centres. Indosat regularly monitors congestion on its network to assess whether the network has sufficient capacity to meet the volume of traffic.

Its network is an integrated system employing switching equipment, cell site equipment and a transmission network of point-to-point microwave radio. Most of Indosat's cell sites and radio base stations are located in or on buildings or on vacant lots, which it owns, or for which leases have been individually negotiated by Indosat for terms typically varying from five to 20 years.

Indosat's cellular network currently operates using 10 MHz x 2 uplink and downlink of radio frequency bandwidth in the GSM 900 MHz spectrum, 20MHz x 2 uplink and downlink of frequency bandwidth in the DCS 1800 MHz spectrum and 10MHz x 2 uplink and downlink in the 3G 2100 MHz spectrum.

In November 2009, Indosat completed the Submarine Cable Jakabare project, a submarine cable system stretching more than 1,300 kilometres connecting Tanjung Pakis (West Java province), Pontianak (West Kalimantan province), Tanjung Bembang (Batam) and Changi (Singapore) and allowing it to add an additional 80 Gbps to its network and providing the foundation for advanced IP and non-IP technology in the future. On 31 August 2009, it launched Satellite Palapa D, which provides larger capacity and more power than previously available to Indosat and which provides satellite coverage for Indonesia, ASEAN countries, the Asia Pacific region, as well as the Middle East and Australia. In 2011, Indosat introduced Software Defined Radio (SDR) technology in order to allow flexible and seamless handling and provisioning of 2G, 3G and 4G/LTE standards.

In February 2012, Indosat entered into an agreement with PT Tower Bersama Infrastructure Tbk ("**Tower Bersama**") and its 91.0 per cent. owned subsidiary, PT Solusi Menara Indonesia, entities specialising in the management and maintenance of telecommunications towers, for the sale and leaseback of 2,500 towers, representing approximately 25 per cent. of Indosat's tower assets, for upfront consideration of U.S.$429.2 million plus a potential maximum deferred payment of U.S.$112.5 million over the ten-year life of the leaseback period. The upfront consideration included cash as well as newly issued Tower Bersama shares. The share component represented approximately 5 per cent. of Tower Bersama's share capital. Under the terms of the sale, Indosat will lease the towers for a minimum period of 10 years in line with market rates. This transaction allowed Indosat to free up capital from its tower portfolio and reduce the costs of managing and maintaining the assets.

Marketing and Distribution. Indosat sells its mobile telecommunications services in Indonesia mainly through indirect channels (third party distributors) and through a sales force focused on the corporate sector.

Indosat maintains a network of independent dealers who have their own distribution networks throughout Indonesia and sell prepaid services primarily to individuals. In addition Indosat operates integrated walk-in centres under the name "Galeri Indosat" and "Griya Indosat" which are operated by exclusive distributors. These walk-in centres provide customer service, sales and product information.

Competition. Indosat competes primarily with foreign and domestic providers of mobile telecommunications services, satellite, IDD services and ISPs. Indosat leases satellite capacity to provide these services in Indonesia; however, some of its competitors, including PT Telekomunikasi Indonesia Tbk ("**Telkom**"), a majority of which is owned by the government of Indonesia, own their own satellites for providing transmission links for their corporate and consumer mobile networks.

The mobile telecommunications business in Indonesia has become one of Ooredoo's most competitive markets during recent years. Competition is based principally on network coverage and technical quality, price, the availability of data services and special features and quality and responsiveness of customer service. Based on the Group's estimates made using available market data, the three major providers of wireless services in Indonesia, Telkomsel (which is majority-owned by Telkom), Indosat and XL Axiata (which is majority-owned by Axiata Group), provided approximately 90 per cent. of Indonesia's wireless telecommunications services as at 30 September 2013.

In addition to increased price competition for mobile telecommunications services, several telecommunications operators have been granted a licence to operate a 3G mobile telecommunications network. The Group believes competition for 3G services will be intense as telecommunications operators begin to deploy their networks in major population centres. Currently, there are five telecommunications operators holding licences that enable them to provide 3G services: PT Telekomunikasi Selular (Telkomsel), PT Hutchison CP Telecommunications, PT Axis Telekom Indonesia ("**Axis**"), PT XL Axiata Tbk ("**XL Axiata**"), and Indosat. In 2013 the Minister of Communications and Information Technology conducted an open bidding process for further use of the remaining allocated frequency in 2.1 GHz spectrum for the provision of 3G services. Telkomsel and XL Axiata won this bidding process.

In September 2013, XL Axiata announced its intention to acquire Axis by way of entry into a conditional sale and purchase agreement with STC and Teleglobal Investments B.V., a subsidiary of STC. Indosat believes that this acquisition will promote the consolidation and future strength of the telecommunications industry in Indonesia.

The Group believes barriers to entry in the Indonesian mobile and fixed line telecommunications services industry are currently comparatively high due to limited availability of frequency spectrum, a capital intensive operating environment, difficulties in acquiring sites for network expansion and the established market presence of the three incumbents. Nevertheless, the Group anticipates continued intense competition within the Indonesian telecommunications industry generally. In response to this, the Group intends to dedicate future capital expenditure to its mobile telecommunications services in an effort to increase network capacity and service quality and to provide various value-added services.

Regulation. Through the Ministry of Communication and Information Technology, the government of Indonesia regulates telecommunications network operations and the provision of telecommunications services. In addition, the Ministry of Communication and Information Technology regulates the radio frequency spectrum allocation for all telecommunications operators, which are required to be licensed by the Directorate General of Resources and Apparatus of Post and Information Technology for each service utilising radio frequency spectrum. The deregulation of the telecommunications sector is closely linked with Indonesia's national economic recovery programme. While the government of Indonesia has historically maintained a monopoly over telecommunications services in Indonesia, reforms, the majority of which came into effect in September 2000, have attempted to create a regulatory framework to promote competition and accelerate infrastructure investment in telecommunications facilities.

The reform of the regulatory environment for the Indonesian telecommunications sector have their foundation in Law No. 36 of 1999 regarding Telecommunications ("**Indonesian Telecommunications Law**"). The Indonesian Telecommunications Law became effective on 8 September 2000 and provides key guidelines for industry reforms, including industry liberalisation, facilitation of new entrants and enhanced competition.

In 1995, Telkom was granted a monopoly to provide local fixed-line telecommunications services until December 2010 and DLD services until December 2005. Indosat and Satelindo (later merged with Indosat) were granted a duopoly for exclusive provision of basic international telecommunications services until 2004. As a consequence of promulgating the Indonesian Telecommunications Law and various decrees thereunder, the government of Indonesia terminated the exclusive rights of Telkom and the duopoly previously given to Indosat and Satelindo. The government of Indonesia has adopted a duopoly policy with Telkom and Indosat competing as full network and service providers.

Under the Indonesian Telecommunications Law, each operator must provide guarantees to consumers in relation to certain matters including quality of service, usage and service fees and compensation. The law also allows customers who are injured or sustain damages to file claims against negligent providers. The government of Indonesia is formulating a decree which will establish penalties for telecommunication operators which do not meet the requisite quality requirements for their services and development commitments.

Based on its fixed telecommunications licence for basic telephony service, Indosat has an obligation to provide public telephone lines consisting of at least 3 per cent. of the total fixed telecommunications network that Indosat has built.

Each telecommunications operator is required to pay to the government of Indonesia a telecommunications operation fee, frequency fee and universal service contribution, as applicable. The telecommunications operation fee for each telecommunications operator is 0.5 per cent. of adjusted gross revenues per financial year, consisting of items such as revenues from leasing of networks, interconnection charges, activation of new customers, usage charges, roaming charges and SIM cards, and excluding revenues from leasing of premises, vehicle rental, consultation services, infrastructure construction and installation services, systems integration and development, sale and purchase or lease of non-telecommunication equipment, sale and purchase of telecommunication equipment and other business activities not related to telecommunications, provided that the services are not bundled with telecommunications services. The frequency fee for GSM 900, DCS 1800, 3G 2100, and FWA networks is calculated by applying a formula principally based on the bandwidth owned by the telecommunications operator.

In addition, each telecommunications operator is required to pay the government of Indonesia a "universal service obligations" fee of 1.25 per cent. of adjusted gross revenue per financial year.

In order to acquire frequency allocation for 3G services, the government of Indonesia conducted an open bidding process in which Indosat was awarded one 3G spectrum licence for 5 MHz of paired spectrum in 2006 for an up-front fee of Rp320.0 billion (approximately U.S.$33.4 million). Indosat's second carrier 3G spectrum licence of 5MHz paired spectrum, which was awarded in 2009, was also subject to the same up-front fee. In addition, the government of Indonesia also requires a performance bond as collateral for operators to fulfill each of the requirements stated in the licensing contract.

In August 2012, the Indonesian Minister of Communications and Information Technology issued a decree enabling Indosat to roll out a cellular network based on the 3rd Generation Partnership Project (3GPP) standard in the 900 MHz spectrum.

The international satellite industry is highly regulated. In addition to domestic licensing and regulation in Indonesia, both the placement and operation of satellites (including Indosat's) are subject to registration with the Radio Communications Bureau of the International Telecommunications Union and the Intelsat consultation process. Based on the radio regulation, Indonesia's satellite characteristics have been registered with the International Telecommunications Union.

Kuwait

Overview

The State of Kuwait is a sovereign Arab emirate on the coast of the Arabian Gulf, bordered by Saudi Arabia to the south and Iraq to the north and west. According to the United Nations Statistics Division Demographic Yearbook 2010, Kuwait has an area of approximately 17,818 square kilometres and, according to the Central Bank of Kuwait, it had an estimated population of 3.9 million as at 31 March 2013. Kuwait has a GDP per capita of U.S.$46,373 for the year ended 31 December 2012 and a real GDP growth rate of 1.2 per cent. between 2008 and 2012, according to the Economist Intelligence Unit's Country Profile for Kuwait dated October 2013. As at the date of this Base Prospectus, sovereign credit ratings for Kuwait stood at AA (Standard & Poor's), Aa2 (Moody's) and AA (Fitch). As at 30 September 2013, mobile penetration in Kuwait had reached approximately 163 per cent. Ooredoo believes that the market will grow at a moderate pace but the revenue growth is attainable in Kuwait through provision of enhanced services and value management activities.

As at 30 September 2013, Wataniya's estimated market share by revenue was at 28 per cent. with an established brand and distribution network in all major areas. As at 30 September 2013, Wataniya provided mobile telecommunications services in Kuwait to 1.9 million mobile customers. As at the date of this Base Prospectus, Ooredoo owns a 92.1 per cent. stake in Wataniya, which is listed on the Kuwait Stock Exchange. In order to increase its revenue in Kuwait, the Group has invested in the expansion of its capacity and coverage for both voice and data services, including the launch of LTE services in 2013. In the nine months

ended 30 September 2013, the Group's operations in Kuwait generated revenues of QR1,916.5 million (U.S.$526.5 million), which amounted to 7.5 per cent. of the Group's consolidated revenues.

Customers and Tariffs. The following table sets out Wataniya's mobile customer numbers as at 30 September 2012 and 2013 and 31 December 2010, 2011 and 2012.

	As at 31 December			*As at 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
Mobile customers:(1)					
Prepaid	1,439,323	1,623,108	1,663,763	1,631,371	1,571,392
Postpaid	231,372	230,052	295,341	294,288	308,477
Total	1,670,695	1,853,160	1,959,104	1,925,659	1,879,869

Note:

(1) "**Mobile customers**" includes total registered mobile customers at the end of the relevant period. Wataniya defines a registered customer as one that has activated its SIM and in the case of a prepaid customer, has not failed to recharge its expired credit within 180 days of its expiry.

The dynamics of the mobile telecommunications market in Kuwait are broadly similar to those in Qatar. For a discussion of the competitive environment in Kuwait, see "*Business Description of the Group – Principal Operations – Kuwait – Competition*". STC's entry into the market as a third operator under the brand "VIVA" in 2008 resulted in withdrawals of incoming call charges on fixed and international calls and had an initial negative impact on Wataniya's ARPU. This remains the case as of 30 September 2013. The following table presents selected information regarding Wataniya's ARPU in Kuwait for the periods indicated.

	For the three months ended 31 December			*For the three months ended 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
	(unaudited, figures in QR)				
ARPU:(1)					
Postpaid	387.8	369.5	268.3	303.5	253.1
Prepaid	91.0	83.6	66.5	68.5	55.3
Blended ARPU	131.6	118.8	96.2	102.9	87.1

Note:

(1) For a discussion of the calculation of ARPU, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – ARPU*". ARPU data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

In Kuwait, Wataniya offers predominantly postpaid, prepaid and data packages to its customers. Wataniya's services are offered through various tariff plans for both prepaid and postpaid customers. Customers are able to choose from a variety of packages, including bundle offers of local voice minutes, SMS, MMS and internet.

Wataniya also offers various handset schemes for the postpaid and prepaid customers. These handsets are sold to the customer via various bundles at different level of subsidy and contract period.

Network Infrastructure. As of 30 September 2013, the Group's mobile telecommunications network in Kuwait comprised 1,523 cell sites and 5 switches. Wataniya regularly monitors congestion on its network to assess whether the network has sufficient capacity to meet the volume of traffic.

Marketing and Distribution. Wataniya sells its mobile telecommunications services in Kuwait through indirect channels (third party distributors), Wataniya-owned shops and through a sales force focused on the corporate sector.

As at 30 September 2013, Wataniya has agreements with 7 exclusive national distributors that together have approximately 66 sales outlets. This authorised dealer network can provide network connections from points

of sale. These distributors sell postpaid, prepaid and data services to the middle-to lower-income market. In addition, Wataniya operates 41 shops, which also act as points of service and support for its customers.

Competition. Historically, there were two mobile telecommunications operators in Kuwait: Zain and Wataniya. However, in December 2008, STC entered the market and began operating under the brand "VIVA". In Kuwait operators compete for the business of relatively affluent consumers on the basis of network coverage and technical quality, price, the availability of data services and value-added features and quality and responsiveness of customer service. The entry of a third operator in the Kuwaiti market has had a negative impact on ARPU and profitability, especially given that incoming calls have been without charge since STC entered the market.

Regulation. The Ministry of Communications, represented by the Telecommunications Committee, is responsible for, among other things: (i) providing postal, wireless and telecommunications services in all their local and external aspects; (ii) regulating the use of telecommunications equipment, stations and infrastructure; (iii) monitoring and supervising the activities and operating procedures, specifications and equipment of the locally licensed mobile telecommunications companies as the regulatory authority over the mobile telecommunications sector; (iv) providing the necessary technical support to such telecommunications companies; and (v) allocating the relevant wavebands and distributing them equally among such mobile telecommunications companies. In addition, the Ministry of Communications has a de facto role in setting the guidelines for competition in the telecommunications industry in Kuwait. The Ministry of Communications also currently holds the monopoly in fixed line and international voice services. A third mobile licence was awarded by the Ministry of Communications in Kuwait in November 2007 and the third licencee commenced operations in December 2008.

Iraq

Overview

Iraq shares a border with Jordan, Iran, Kuwait, Saudi Arabia, Syria and Turkey. A small part of its territory also borders the Arabian Gulf. According to the United Nations Statistics Division Demographic Yearbook 2010, Iraq covers an area of approximately 437,367 square kilometres and, according to the Iraqi Central Statistical Organization, it had an estimated population of 34.0 million inhabitants as at July 2012.

As the first company to achieve nationwide coverage in Iraq, Asiacell is the second largest cellular operator in Iraq by number of customers as at 30 September 2013, with an estimated 43 per cent. market share by revenue and having an established brand and distribution network covering all 18 governorates of Iraq. In the nine months ended 30 September 2013, the Group's operations in Iraq generated revenues of QR5,309.5 million (U.S.$1,458.7 million), which amounted to 20.7 per cent. of the Group's consolidated revenues.

In February 2013, Asiacell completed its initial public offering, which raised around IQD 1.5 trillion (U.S.$1.2 billion). As at 30 September 2013, Ooredoo held a 64.1 per cent. effective economic stake in Asiacell. Asiacell provided mobile telecommunications services in Iraq to 10.6 million mobile customers as at 30 September 2013. In order to increase its customer base in Iraq, the Group plans to invest in an expansion of its capacity and coverage for mobile customers and to improve Asiacell's existing network infrastructure. Because of the conflict and unrest in Iraq, Iraq's network infrastructure has historically suffered from a lack of investment. Furthermore, until the Iraqi government's decision to award 15-year licences, one of which was awarded to Asiacell in August 2007, mobile telecommunications licences were awarded for periods of not greater than two years, which did not historically encourage operators to invest in infrastructure. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flow – Capital Expenditures*".

In Iraq, telecommunications services have achieved comparatively low levels of market penetration. While Iraq has a relatively low per capita GDP of U.S.$4,093, according to the Economist Intelligence Unit's Country Profile dated August 2010, the Group believes that Iraq's attractive demographic profile and the significant economic growth opportunities available to Iraq, principally through hydrocarbons, forms a strong base for long-term demand growth for consumer mobile services.

Customers and Tariffs. The following table presents information about Asiacell's prepaid mobile customers in Iraq as at 30 September 2012 and 2013 and 31 December 2010, 2011 and 2012. Asiacell does not have a significant share of postpaid services (less than 1 per cent. of the total customer base).

	As at 31 December			*As at 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
Mobile customers:[(1)]					
Prepaid	8,130,498	8,978,656	10,029,661	9,793,106	10,526,646

Note:

(1) "**Mobile customers**" includes all registered mobile customers at the end of the relevant period. Asiacell defines a registered mobile customer as one that has any chargeable event in the previous 90 days.

The following table presents information about Asiacell's ARPU in Iraq for the periods indicated.

	For the three months ended 31 December			*For the three months ended 30 September*	
	2010	*2011*	*2012*	*2012*	*2013*
	(unaudited, figures in QR)				
ARPU:[(1)]					
Prepaid	56.0	60.1	61.6	58.8	56.7

Note:

(1) For a discussion of the calculation of ARPU, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – ARPU*". ARPU data has not been audited or otherwise reviewed by external auditors, consultants or independent experts.

Asiacell offers wireless services in Iraq on a postpaid and prepaid basis, with six product lines. Asiacell offers a variety of branded consumer and business-oriented prepaid services that allow customers in Iraq to select the plan most suitable to their patterns of usage, with a particular emphasis on offering packages that are simpler and more basic than those offered by the Group in its more developed markets.

Customers accessing Asiacell's prepaid services in Iraq pay an up-front fee for a set amount of services and receive a prepaid SIM card that has a fixed credit that can be replenished at physical points of sale, such as news stands, own shops and tobacco shops. Asiacell offers a variety of branded consumer and business-oriented prepaid services that allow customers in Iraq to select the plan most suitable to their patterns of usage.

Network Infrastructure. As at 31 December 2012, Asiacell's mobile telecommunications network in Iraq comprised 5,133 cell sites, 21 media gateways and 8 mobile switching systems. Asiacell regularly monitors congestion on its network to assess whether the network has sufficient capacity to meet the volume of traffic. The service network is backed up by four regional call centres, offering 24-hour service to customers in three languages – Arabic, Kurdish and English.

The Group plans to invest additional amounts in increasing the capacity and quality of network coverage to meet anticipated growth in demand for mobile telecommunications services, including the demand for 3G once the licences in Iraq have been awarded.

Marketing and Distribution. Asiacell sells its mobile telecommunications services in Iraq through indirect channels (third-party distributors) and stores managed by Asiacell. Asiacell operates 21 directly-owned branded retail outlets, and 28 franchised stores.

Asiacell has agreements with a large number of regional distributors that together distribute to over 12,000 sales outlets.

Competition. There are three national mobile telecommunications operators in Iraq which hold nationwide licences: Asiacell, Zain and Korek Telecom. In general, competition in Iraq is characterised by an emphasis on pricing, tariffs, promotions, capacity, coverage and reliability.

Regulation. In March 2004, the Coalition Provisional Authority issued Order No. 65, which established the Communications and Media Commission (the "**CMC**") as an independent regulator of the Iraqi telecommunications sector. The CMC assumed this role from the Iraqi Ministry of Communications. The CMC's responsibilities include: (i) licensing and regulating telecommunications, broadcasting, information services and other media in Iraq; (ii) assisting with the development of telecommunications infrastructure in Iraq; (iii) establishing a framework for full and fair competition among all telecommunications providers; and (iv) encouraging the evolution of electronic media and communications networks for all Iraqi residents.

In August 2007, the CMC granted Asiacell a fifteen-year licence, which may be extended by an additional five years, to provide mobile telecommunication services throughout Iraq. This licence is the main source of Asiacell's regulatory obligations. The licence required that Asiacell pay a licence fee of U.S.$1.25 billion to the CMC, the final instalment of which was paid in September 2011, making Asiacell the first telecommunications company in Iraq to pay in the licence fee in full. In addition, the licence requires that Asiacell pays a regulatory fee of 18.0 per cent. of its gross revenues, reduced to 15.0 per cent. provided that the level of Iraqi participation in Asiacell remains at 51 per cent. or above. Following the Group's increase in its economic interest in Asiacell to 53.9 per cent. in June 2012, Asiacell submitted a letter to the CMC requesting guidance on the regulatory fee payable as a result of this increase. However, Asiacell has not yet received a response from the CMC and, as at the date of this Base Prospectus, Asiacell has continued to pay a regulatory fee of 15.0 per cent. of its gross revenues, with provision for the additional 3.0 per cent. As a result of Asiacell's initial public offering in February 2013, Ooredoo's economic interest in Asiacell increased to 64.1 per cent.

Asiacell has access to the frequency it requires to provide high quality telecommunications services. The CMC is responsible for the allocation and use of frequency. The CMC is expected to promote fixed line and `wireless local loop' growth, however, the Group believes that mobile services will continue to dominate the telecommunications market.

In October 2013, the Commissioner Committee of the CMC convened a meeting to discuss the process of granting 3G licences to telecommunications providers; however, as at the date of this Base Prospectus, the CMC has not announced any specific timing as to when such licences will be granted.

Employees

As at 30 September 2013, the Group employed approximately 17,117 employees. The following table sets out the number of the Group's employees as at 30 September 2013 and 31 December 2010, 2011 and 2012 in each of the principal markets in which it maintains operations:

	As at 31 December			*As at 30 September*
	2010	*2011*	*2012*	*2013*
Qatar	2,143	2,069	1,869	1,817
Indonesia	6,694	4,461	3,786	3,940
Kuwait	1,008	1,000	1,054	975
Iraq	2,170	2,170	3,095	3,060
Others	6,421	6,957	7,574	7,325
Group Total	18,436	16,657	17,378	17,117

In general, the Group's employees do not participate in any collective bargaining or similar agreements. However some of Indosat's employees belong to a union and benefit from a collective labour agreement. See "*Risk Factors – Risks Relating to the Telecommunications Industry – Industrial action or adverse labour relations could disrupt the Group's business operations and have an adverse effect on operating results*".

The Group provides a variety of benefits to their employees that vary based on the country and region in which they operate. The Group does not maintain employee pension plans but does contribute to a statutory pension plan for Qatari employees.

Insurance

The Group's operations are subject to operational and geographic risks, including accidents, natural disasters, war, terrorism, fire, weather-related perils and other events beyond the Group's control. The Group maintains various types of insurance policies to protect against the financial impact arising from unexpected events when the amount of the potential loss would be significant enough to prevent normal business operations. The Group cannot, however, give any assurance that this insurance will be adequate to protect it from all expenses related to potential future claims for personal injury and property damage or that these levels of insurance will be available in the future at commercially reasonable prices. The Group does not fully insure against certain risks to the extent that such risks may not be fully insurable or related coverage is unavailable at what it considers to be appropriate price levels. In addition, insurance policies for certain types of operational risks that are typically available outside Iraq are not available in Iraq.

The Group has not historically experienced difficulty renewing its insurance policies and it believes that its insurance is reasonable and consistent with industry standards.

Intellectual Property

In general, each of the Group's operations has sought to legally protect its trademarks and copyrights for its name, logos and services in its own market. However, none has sought such protection outside its own market.

Litigation

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

Tax demand notices against Asiacell

In April 2012, the General Commission for Taxes in Iraq (the "**GCT**") issued a tax demand notice against Asiacell in respect of corporation tax payable during the period 2004 to 2007, amounting to approximately IQD 82.4 billion (U.S.$66.8 million). These tax claims relate to Asia-Cell Telecommunication Company, a company incorporated in the Cayman Islands, whose assets and liabilities were purchased by Asiacell in August 2007. Asiacell filed an objection to this tax assessment. In accordance with Iraqi tax law and in order to obtain a tax clearance certificate, Asiacell has paid 25 per cent. of the assessed amount to the GCT and reached an agreement with the GCT to pay the remaining amount in 24 equal installments with interest at 11 per cent. per annum. Asiacell's management believes that Asiacell's position regarding this claim is strong.

In May 2012, the GCT issued an employees' income tax claim against Asiacell of IQD 18.0 billion (U.S.$14.5 million) for the years 2003 to 2007. Asiacell filed an objection to this tax demand notice. The GCT subsequently issued a revised claim for the years 2004 to 2007 of IQD 14.4 billion (U.S.$11.6 million). Asiacell accepted the claim for 2003 and the revised claims for the years 2004, 2005 and 2007 of IQD 8.3 billion (U.S.$6.7 million). Asiacell filed an objection to the revised tax assessment for the year 2006 which amounted to IQD 6.1 billion (U.S.$4.9 million).

In September 2012, the GCT issued an employees' income tax claim against Asiacell of IQD 18.7 billion (U.S.$15.2 million) for the years 2009 to 2011, representing 10 per cent. of employees' total salaries during this period. Asiacell has also filed an objection to this tax assessment.

In February 2013, the GCT issued an employees' income tax claim against Asiacell of IQD 5.2 billion (U.S.$4.2 million) for the year 2008, to which Asiacell has filed an objection. An amount IQD 1.3 billion (U.S.$1.1 million), representing 25 per cent. of the claim, has been paid by Asiacell.

Proceedings against 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 Indosat, for unlawful use of radio frequency band allocation that had been granted to Indosat. These proceedings were initiated pursuant to a report from the Indonesian Telecommunication Consumer NGO, which alleged that IM2 had avoided paying certain non-tax state revenues when Indosat allowed IM2 to use its 3G radio frequency spectrum during the period from 2006 to 2011.

On 8 July 2013, the Indonesia Corruption Court imposed a fine of QR 477 million (U.S.$131 million) against IM2 in a related case against the former President Director of IM2. Both the former President Director of IM2 and the AGO have lodged appeals to the High Court. The decisions and fines of the Corruption Court are suspended pending appeal. The AGO is currently investigating related cases against IM2, Indosat and its former CEO, and the AGO may transfer the proceedings to the Corruption Court.

Indosat, its former CEO, IM2 and its former President Director have each denied any wrongdoing, and are vigorously defending the cases and fines on the basis that IM2 was lawfully using Indosat's telecommunication network, rather than its radio frequency spectrum, as alleged. Under a commercial agreement, Indosat gave IM2 access to its cellular network which uses the 2.1 GHz frequency band. IM2 holds a license to provide internet services to the public. In Indonesia, licensed network operators are required by law to give access to service providers such as ISPs.

The Ministry of Communication and Information Technology has issued formal letters to Indosat and to the AGO stating that the agreement between Indosat and IM2 conforms with prevailing law and regulations. The Group views the allegations as being without merit.

Proceedings against Wataniya relating to misuse of network infrastructure

In March 2010, the Ministry of Communications in Kuwait initiated unjust enrichment proceedings against Wataniya under Article 262 of the Kuwaiti Civil Code, alleging unlawful use of the Ministry's network infrastructure since 1999. Management believes that Wataniya has strong grounds to challenge these allegations and the proceedings are currently pending before the Kuwaiti Court of Appeal.

Environmental Matters

The Group is subject to a broad range of environmental laws and regulations. These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, radiation emissions, zoning, the protection of employee health and safety, noise and historical and artistic preservation. The Group could therefore be exposed to costs and liabilities, including liabilities associated with past activities.

The Group's operations are subject to obligations to obtain environmental permits, licences and/or authorisations, or to provide prior notification to the appropriate authorities. The Group's objective is to comply in all material respects with applicable environmental and health control laws, and all related permit requirements. The Group believes that the principal environmental risks arising from its current operations relate to the potential for electromagnetic pollution and for damage to cultural and environmental assets. The Group deploys various network infrastructure strategies in order to achieve radiation emission ranges lower than the minimum levels required by applicable regulations.

Commercial Property

The principal property, plant and equipment of the Group consists of its cable and switching stations located throughout the jurisdictions in which it operates, including its international exchanges, its satellite earth stations, its mobile switching centres, base stations, transmission equipment, cables and other technical, administrative and commercial property plant and equipment.

Ooredoo owns its head office at 100 West Bay, P.O. Box 217, Doha, Qatar.

The net book value of property, plant and equipment as at 30 September 2013 was QR31.5 billion (U.S.$8.7 billion).

Information Technology

Each operating company of the Group maintains its own information technology ("**IT**") systems. The Group's IT systems are comparable to those typically used by other telecommunications service providers, and comprise operational support systems (which support the Group's telecommunications network and include processes such as maintaining network inventory, provisioning services, configuring network components and managing faults) and business support systems (which support processes related to the Group's customers, such as taking orders, processing bills, collecting payments and customer relationship management). The Group believes that its existing IT systems are adequate for the purposes of its existing business.

Each operating company of the Group maintains its own disaster recovery systems in order to ensure the recovery and continuation of its technology infrastructure following potential disruptive events, such as natural disaster or terrorism. Each operating company has procedures in place to either back up critical data on-site and automatically copy this backed-up data to off-site storage, or to back-up and replicate critical data directly to off-site storage.

The Group does not currently maintain a Group-wide global disaster recovery system, although the Group is currently undergoing a consultancy process with the intention of consolidating and modernising its disaster recovery procedures. The first phase of this consultancy process, the concept study, has been completed and reviewed by each operating company of the Group. Each of the Group's operating companies currently has its own disaster recovery system in place and are in the process of coordinating their strategy in accordance with the consultancy process. Notwithstanding the planned introduction of a Group-wide global disaster recovery system, the Group believes that its existing disaster recovery systems are adequate for the purposes of its existing business.

CORPORATE GOVERNANCE

Supervisory Governance of Ooredoo

Board of Directors

The Board is responsible for the Group's management and has unrestricted management powers, except to the extent provided by law, the Articles of Association or a resolution of the shareholders at a General Assembly of the shareholders.

The Board acts as the overall supervisory and monitoring body of the Group, approving all important new business proposals presented to it, including the acquisitions of any subsidiaries or affiliates, major capital projects and the acquisition or disposal of assets. In addition, the Board reviews the Group's development plans, monitors the performance of those development plans and reviews and approves the Group budget. The Board is also responsible for the timely and accurate disclosure of information to the Group's shareholders and to the Qatar Exchange, the Abu Dhabi Securities Exchange and the London Stock Exchange. In carrying out its activities, the Board represents the interests of the shareholders of Ooredoo and is accountable to the shareholders of Ooredoo.

Meetings of the Board must be held at least six times per year. Ooredoo's Articles of Association require that no more than three months may elapse between meetings.

The Board currently consists of 10 non-executive members, five of whom, including the Chairman of the Board, are appointed by, and cannot be removed except through, a decision of Qatar, which holds the Golden Share. Therefore, Qatar may exercise influence in relation to decisions pertaining to the Group. See "*Risk Factors – Risks Relating to the Group – Qatar exerts significant control over Ooredoo and its interests may conflict with those of Certificateholders and/or Ooredoo itself*" and "*Corporate Governance – Supervisory Governance of Ooredoo – Rights of Qatar*". The General Assembly elects the remaining five members of the Board by way of a secret ballot in which Qatar has no voting rights.

Notwithstanding the foregoing, Qatar's right to appoint and remove five of the 10 members of the Board applies for so long as Qatar's shareholding is maintained. Should Qatar cease to own 50.0 per cent. or more of Ooredoo's outstanding voting shares Qatar would only be able to appoint a number of board members *pro rata* to the number of shares it holds with the remaining members of the Board being elected by the General Assembly. Notwithstanding its ownership percentage, Qatar shall always have the right to appoint not less than two members of the Board, one of them being the Chairman of the Board.

Members of the Board elected by the General Assembly are required to own at least 5,000 shares (the "**Collateral Shares**"), which are used as a collateral guarantee against the relevant board members' liability to Ooredoo, the other shareholders, debtors and third parties. The Collateral Shares are, immediately after the election of a member of the Board, deposited with an approved bank until the end of that member's term on the Board.

Resolutions of the Board are passed by the majority of those present and, in the event of a tie, the Chairman's, or Acting Chairman's, vote prevails. See "*Risk Factors – Risks Relating to the Group – Qatar exerts significant control over Ooredoo and its interests may conflict with those of Certificateholders and/or Ooredoo itself*".

The General Assembly may, on the application of shareholders holding at least 25.0 per cent. of Ooredoo's issued share capital, remove by a majority vote, a member of the Board who has not been appointed by Qatar. Qatar is not permitted to vote and its shares are not counted in determining such a majority. Qatar may replace or remove any member of the Board appointed by it.

Rights of Qatar

The Golden Share is required at all times to remain the property of Qatar.

Whilst Qatar has the same rights as any holder of an ordinary share, the Articles of Association provide that the Golden Share also grants the right to approve, veto and reverse any decision of Ooredoo (whether made

by the General Assembly or by the members of the Board) relating to certain matters (the "**Entrenched Rights**").

The Entrenched Rights comprise the following:

- a reduction in the share capital of Ooredoo;
- any amendment, waiver, deletion of any provision, or any addition to the Articles of Association of Ooredoo, which in the opinion of Qatar, is prejudicial to the rights of Qatar;
- any sale or disposal of any property which alone, or in conjunction with other incidental or related sales or disposals in the same transaction or connected transactions, constitutes a disposal of the whole or, in the opinion of Qatar, a material part of the assets of Ooredoo;
- any matter which, in the opinion of Qatar, may affect the national security of Qatar or the relations of Qatar with other countries; and
- the winding up, dissolution, sale, merger or restructuring of Ooredoo.

General Assembly

The General Assembly represents all of the shareholders of Ooredoo and all of its meetings are to be held in Doha, Qatar. Every shareholder has the right to attend the General Assembly, either in person or by way of proxy, and has a number of votes equivalent to the number of shares held. The Board is required to be represented in the General Assembly by not less than the quorum required for meetings of the Board, which must include the Chairman or the Deputy Chairman.

An Ordinary General Assembly must be convened at least once a year, within the first four months following the end of Ooredoo's financial year. The Board can call a meeting of the General Assembly or one can be called upon the request of the auditor of Ooredoo or at the request of a number of shareholders representing not less than 10.0 per cent. of the issued share capital of Ooredoo. A meeting of the Ordinary General Assembly is not valid unless it is attended by a number of shareholders representing at least 50.0 per cent. of Ooredoo's issued share capital. If a quorum is not achieved, another meeting may be called and is valid, irrespective of the number of attendees.

An Extraordinary General Assembly may be called by the Board or by a written request addressed to the Board from a number of shareholders holding not less than 25.0 per cent. of Ooredoo's issued share capital. A meeting of the Extraordinary General Assembly is not valid unless it is attended by a number of shareholders representing at least 75.0 per cent. of Ooredoo's issued share capital. If a quorum is not achieved, another meeting may be called and is valid if shareholders representing at least 50.0 per cent. of Ooredoo's issued share capital attend. If a quorum is not secured at this second meeting, a third meeting may be called which will be valid regardless of the number of attendees. Subject to the Entrenched Rights of Qatar, an Extraordinary General Assembly may amend the Articles of Association.

Decisions at meetings of the Extraordinary General Assembly require a vote in favour of the relevant resolution by two-thirds of the percentage of Ooredoo's issued share capital represented at the meeting. As an exception, if a third meeting is called, as mentioned above, resolutions at that meeting can be passed by a majority of the votes of those present, but shall not be effective until they have been approved by the Minister of Economy and Commerce.

Members of the Board

As at the date of this Base Prospectus, the members of the Board, their current positions in Ooredoo, age and the years of their appointment are as follows:

Name	*Age*	*Position*	*Month of Appointment*
H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani	54	Chairman	July 2000
H.E. Ali Shareef Al Emadi	44	Deputy Chairman	March 1999
H.E. Mohammed Bin Isa Al Mohannadi	58	Member	March 1999
Mr. Hareb Masoud Al Darmaki	64	Member	March 1999
Mr. Hamed Saeed Al Badi	45	Member	February 2007
Mr. Hamed Abdullah Al Shamsi(1)	44	Member	March 1999
Mr. Aziz Aluthman Fakhroo	36	Member	March 2011
Mr. Nasser Rashid Al Humaidi	58	Member	March 2011
Mr. Turki Mohammed Al Khater	55	Member	March 2011
Mr. Omer Abdulaziz Hamed Al-Hamed Al-Marwani	39	Member	June 2013

Note:

(1) Mr. Hamed Al Shamsi is deemed to have resigned from the Board by operation of Article 104 of the Commercial Companies Law, due to his absence from three consecutive meetings of the Board. However, Ooredoo's Commercial Register, which is conclusive evidence of a company's standing, has not yet been amended to reflect the resignation of Mr. Al Shamsi. A new Board member will be elected to formally replace Mr. Al Shamsi at Ooredoo's next Ordinary General Assembly, which is scheduled to be held in March 2014.

Set forth below is a short biography of each of the members of the Board:

H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani

Sheikh Abdullah is the Chairman of Ooredoo. He joined the Board as Chairman in July 2000. He has held several high profile positions in Qatar, including the Chief of the Royal Court (Amiri Diwan) from 2000 to 2005. He is also Chairman of Wataniya and Chairman of the Board of Commissioners of Indosat and a Member of the Planning Council.

H.E. Ali Shareef Al Emadi

Mr. Al Emadi is the Deputy Chairman of Ooredoo. He joined the Board in March 1999 and has subsequently been re elected to the position. He was appointed Deputy Chairman in 2011. He is the Minister of Finance in Qatar and Chairman of Qatar National Bank S.A.Q. He is also a board member of Ooredoo Group LLC and Wataniya.

H.E. Mohammed Bin Isa Al Mohannadi

Mr. Al Mohannadi is a member of the Board and an appointee of the Government. He joined the Board in March 2003 and has subsequently been re-elected to the position. He is the Chief Financial Officer of the Royal Court (Amiri Diwan) and is a former State Minister. He is also a member of the board of directors of Ooredoo Group LLC and Asiacell and is active on the board of directors of a number of Qatari companies.

Hareb Masoud Al Darmaki

Mr. Al Darmaki is a member of the Board. He joined the Board in March 1999, and is also the Executive Director of Private Equity at Abu Dhabi Investment Authority, and a board member of several other financial institutions in the United Arab Emirates.

Hamed Saeed Al Badi

Mr. Al Badi is a member of the Board. He joined the Board in March 2007 and has subsequently been re-elected to the position. He is the Assistant Director of International Equities for Abu Dhabi Investment Authority.

Hamed Abdullah Al Shamsi

Mr. Al Shamsi is a member of the Board. He joined the Board in March 1999 and has subsequently been re-elected to the position. He is the Chief Executive Officer of International Capital Trading, United Arab Emirates. He is active on the board of directors of a number of companies in the United Arab Emirates.

Aziz Aluthman Fakhroo

Mr. Fakhroo is a member of the Board and an appointee of the Government of Qatar. He joined the Board in March 2011, and is also an Associate Director in the Mergers and Acquisitions Department of Qatar Holding LLC, the strategic and direct investments arm of the Qatar Investment Authority. He currently represents Qatar Holding on the boards of United Arab Shipping Company and Knowledge Universe.

Nasser Rashid Al Humaidi

Mr. Al Humaidi is a member of the Board and an appointee of the Government of Qatar. He joined the Board in March 2011, and is also Executive Director – Operations & Support of Qatar Development Bank and a member of the board of directors of Nawras. He has led various management and business technology roles in multi-industry sectors including utilities, telecom, oil and gas, real estate, banking and contributed to national steering committees.

Turki Mohammed Al Khater

Mr. Al Khater is a member of the Board. He joined the Board in March 2011, and is also the President of General Retirement and Social Insurance Authority, Chairman of Dlala Holding, board member of Masraf Al Rayan and a board member of Al Ahli United Bank in Bahrain. He has previously held the position as the Managing Director and undersecretary of Health Ministry of Hamad Medical Corporation.

Omer Abdulaziz Hamed al Hamed Al Marwani

Since joining the Qatar Investment Authority in 2006, Mr. Al-Marwani has served as Director of the Finance Affairs Department, and has been Acting COO since November 2012. Mr. Al Marwani has also served as Director of the Department of Finance and Administration Affairs at the Supreme Council for Economic Affairs and Investments since 2003.

Directors' Interests

As at the date of this Base Prospectus, the members of the Board own, in aggregate, approximately 65,511 ordinary shares, representing approximately 0.02 per cent. of the issued share capital of Ooredoo.

There are no interests of the members of the Board in transactions which are or were unusual in their nature or conditions or significant to the business of Ooredoo. Ooredoo is not aware of any potential conflicts of interest between the duties owed by the members of the Board and their private interests or other duties.

In the five years preceding the date of this Base Prospectus, no member of the Board has been convicted of any fraudulent offence, served as a director, partner, founder or senior manager of any organisation at the time of any bankruptcy, receivership, any official public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies, or has been disqualified by a court from acting as a director of an issuer or from acting in the management or conduct of affairs of any issuer.

Compensation of the Board

For their services, members of the Board are entitled to remuneration, which is determined by a meeting of the General Assembly. For the year ended 31 December 2012, Ooredoo paid or accrued compensation (including salary, benefits and bonuses) to the Board of QR10.7 million (U.S.$2.9 million).

Committees of the Board

The Board has established three principal committees to review and decide on specific matters (together, the "**Committees**"). The Committees are given responsibility for specific areas of significance to the Group's corporate governance and assist the Board in discharging its responsibilities by advising and making

recommendations to the Board. Each Committee comprises a chairman and is composed of at least three members of the Board and operates in accordance with a written charter approved by the members of the Board.

The Board has established the following primary Committees:

Executive Committee

The Executive Committee oversees the decision making process of the Group and ensures that the objectives of Ooredoo are achieved in accordance with the authorities delegated to the Executive Committee by the Board. The Committee is also responsible for reviewing any matters requiring detailed review before presentation to the Board for final decision. The Executive Committee also oversees Ooredoo's strategy and method deployed for adopting financial and strategic investments. The membership of the Executive Committee comprises H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani (as Chairman), H.E. Ali Shareef Al Emadi (as Vice-Chairman), Mr. Aziz Aluthman Fakhroo, H.E. Mohammed Bin Isa Al Mohannadi and Mr. Hareb Masoud Al Darmaki.

Audit & Risk Management Committee

The Audit & Risk Management Committee oversees Ooredoo's relationships with its internal and external auditors. The committee has recommended Ooredoo's auditors, KPMG Qatar, since 2011, and reviews the quarterly internal and annual audit reports, as well as compliance with legal and regulatory requirements, including the performance of Ooredoo's internal audit function. See "*Corporate Governance – Internal Audit*". The membership of the Audit Committee comprises Mr. Turki Mohammed Al Khater (as Chairman), Mr. Nasser Rashid Al Humaidi (as Vice Chairman), Mr. Omer Abdulaziz Hamed Al Hamed Al Marwani and Mr. Hamed Saeed Al Badi.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board in executing its responsibilities with regard to nominating and appointing Board members to the Board and the boards of its subsidiaries, and determining the compensation of the Chairman, members of the Board, members of Executive Management and senior employees, and assesses the work of the Board. The membership of the Nomination and Remuneration Committee comprises H.E. Mohammed Bin Isa Al Mohannadi (as Chairman), Mr. Turki Mohammed Al Khater (as Vice-Chairman), Mr. Nasser Rashid Al Humaidi and Mr. Omer Abdulaziz Hamed Al Hamed Al Marwani.

Ooredoo Group LLC

In August 2007, the Board established Qtel International LLC, which, in January 2012, was renamed Qtel Group LLC and, in March 2013, was again renamed Ooredoo Group LLC ("**Ooredoo Group**"). Ooredoo Group is a wholly-owned subsidiary which has a separate management team and is responsible for providing the Group with corporate governance services, strategy and treasury services and a mechanism for communicating strategic and operational direction to the Group's subsidiaries and realising synergies between operations. Although the Group implements its international strategy on a centralised basis and manages its mobile telecommunications businesses through its controlling interests in subsidiaries, it allows local management to carry out the day-to-day management of its operations based on the policies Ooredoo Group establishes. Ooredoo Group's management team focuses primarily on the Group's international operations, international strategy and investment opportunities.

By virtue of the Group's ownership interests in its consolidated subsidiaries and, in some cases, of shareholders agreements, the Group is able to control the appointment of all or a portion of such subsidiaries' board of directors such that it has control over these subsidiaries. Ooredoo Group acts as an intermediary between these board members and the Group, reviewing and assisting in the preparation of the board agendas, budgets and annual plans of each subsidiary and advising the members of the subsidiary boards that are appointed by the Group. In addition to its governance role, Ooredoo Group also develops the Group's strategy and is responsible for delivering synergies across operations. The Group also has management services agreements in place with its operations in Qatar, Iraq, Algeria, Kuwait (including Tunisia support), Oman, Maldives and Palestine. These management services agreements allow such subsidiaries to receive

certain services from Ooredoo Group as well as allowing the subsidiary to benefit from framework agreements negotiated by Ooredoo Group with suppliers and providing marketing assistance and expertise, in exchange for which such subsidiaries are required to pay a management fee to the Ooredoo Group.

In addition, Ooredoo Group's business development team is responsible for researching and evaluating potential acquisition targets for the Group. Ooredoo Group's acquisition recommendations are then considered by the Executive Committee, a sub-committee of the Board. If such recommendations pass the Executive Committee, they are voted on by the entire Board. See "*Corporate Governance – Committees of the Board – Executive Committee*".

Executive Governance of Ooredoo Group

Ooredoo Group is responsible for providing the Group with management and corporate governance services, strategy and treasury services and provides a mechanism for communicating strategic and operational direction to the Group's subsidiaries and realising synergies between operations.

As at the date of this Base Prospectus, the current Executive Directors of Ooredoo Group, their current positions in Ooredoo Group, age and the years of their appointment are as follows:

Name	*Age*	*Position*	*Month of Appointment*
Dr. Nasser Marafih	52	Group Chief Executive Officer	January 2009
Mr. Ajay Bahri	49	Group Chief Financial Officer	January 2009
Mr. Ahmed Al Derbesti	54	Group Chief Operating Officer	June 2012
Mr. Jeremy Sell	53	Group Chief Strategy Officer	June 2006
Mr. Michael Hancock	61	Group Chief Corporate Affairs Officer	January 2007
Mr. Mohanna Nasser Al Nuaimi	40	Group Chief Human Resources Officer	August 2005
Mr. Nicholas Dent	37	Group Chief New Business Officer	March 2012
Ms. Cynthia Gordon	50	Group Chief Commercial Officer	February 2012
Mr. Khalid Ibrahim Al Mahmoud	48	Group Chief Officer of SMB	March 2012

Set forth below is a short biography of each of the Executive Directors of Ooredoo Group:

Dr. Nasser Marafih

Dr. Marafih is the Group Chief Executive Officer of Ooredoo Group, having been appointed to this position in January 2009. He was previously Chief Executive Officer of Ooredoo. He commenced his career at Ooredoo in 1992 as an Expert Advisor from the University of Qatar. In 1994, he was seconded to Ooredoo as Strategic Planning and Development Manager and in 1998 he became the Divisional Manager of Strategic Planning and Development. He holds a Bachelor of Science in Electrical Engineering, a Master of Science and a PhD in Communication, all from George Washington University, USA. He is also Deputy Chairman of Wataniya Palestine, a member of the board of commissioners of Indosat and a member of the board of directors of Asiacell, Asia Mobile Holdings, Wataniya, Tunisiana, StarHub, Nedjma and Shenington Investments Pte Ltd.

Ajay Bahri

Mr. Bahri is the Group Chief Financial Officer of Ooredoo Group, having been appointed to this position in January 2009. He has a Bachelor's degree in Accountancy obtained in India and a Masters in Engineering from Massachusetts Institute of Technology, USA. He is also certified as a Chartered Management Accountant in the UK, a Chartered Accountant in India and a Certified Information Systems Auditor (non-practicing) in the USA. Prior to working for Ooredoo Group, he has worked for, amongst others, Ernst & Young, Etisalat and W.R. Grace and Co. He is also a member of the board of directors of Asiacell, Tunisiana and wi-tribe Limited.

Ahmed Al Derbesti

Mr. Al-Derbesti is the Group Chief Operating Officer of Ooredoo Group, having been appointed to this position in June 2012. He was previously the Executive Director of International Services for Ooredoo and has had a career with Ooredoo spanning 23 years. He graduated from George Washington University, USA, with a Bachelor and Master of Science in Electrical Engineering. He also has a Master of Science in management and Technology from the Massachusetts Institute of Technology, USA.

Jeremy Sell

Mr. Sell is the Group Chief Strategy Officer of Ooredoo Group, having been appointed to this position in June 2006. He holds a Master's degree from the University of Cambridge. Prior to working for Ooredoo Group, he worked as a Chartered Accountant with Arthur Andersen & Co. in London, was Director of Business Development at Virgin, CEO of Orange Sweden, Head of Business Development for Orange and Director of Business Development for US West International. He is also a member of the Board of Directors of Asia Mobile Holdings.

Michael Hancock

Mr. Hancock is the Group Chief Corporate Affairs Officer of Ooredoo Group, having been appointed to this position in January 2007. He holds a JD from the University of California, San Francisco and an MBA from INSEAD, France. Prior to working at Ooredoo he worked as General Counsel at ALCATEL CIT and was a Partner at Salans law firm in Paris. He is also a member of the board of directors of Tunisiana, Wataniya Palestine and wi-tribe Limited.

Mohanna Nasser Al Nuaimi

Mr. Al Nuaimi is the Group Chief Human Resources Officer of Ooredoo Group, having been appointed to this position in August 2005. Prior to this, he held the position of Executive Director of Group Human Resources of Ooredoo. He holds a Bachelor's degree from Qatar University. Prior to joining Ooredoo, he worked for Qatar General Electricity & Water Corporation (Kahramaa) in Human Resources. He is also a member of the board of directors of Nedjma and Nawras.

Nicholas Dent

Mr. Dent is the Group Chief New Businesses Officer of Ooredoo Group, having been appointed to this position in March 2012. He previously was the Chief Operating Officer for Ooredoo and has had a career with Ooredoo spanning almost 10 years. He holds a Master's degree in Economics from the University of Edinburgh. Prior to working for Ooredoo he worked for McKinsey & Company as a strategy consultant. He is also a member of the Board of Directors of Navlink.

Cynthia Gordon

Ms. Gordon is the Chief Commercial Officer of Ooredoo Group, having been appointed to this position in February 2012. Prior to joining Ooredoo Group, she was VP of Partnerships and Emerging Markets for Orange, France, Group CCO of MTS and CIS. She started her career at British Telecom, and has also worked in senior management as THUS in the UK, and AT&T's ACC International. She holds a B.A. in Business Studies from Brighton University in the UK. She is also a member of the board of directors of Tunisiana and the Board of Commissioners of Indosat.

Khalid Ibrahim Al Mahmoud

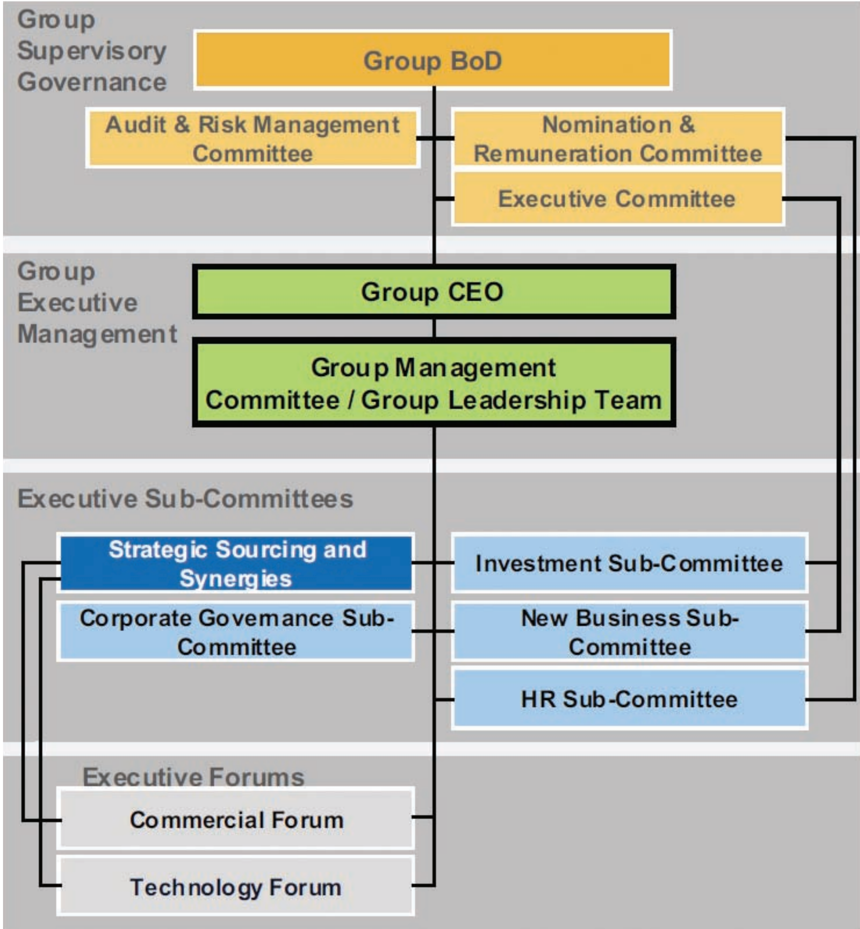
Mr. Al Mahmoud is the Group Chief Officer of Ooredoo Group's Small & Medium Business Unit, which oversees four Ooredoo subsidiary companies – Wataniya Palestine, Wataniya Maldives, wi-tribe Pakistan and wi-tribe Philippines, having been appointed to this position in March 2012. He is also a Board Director of the first three of the abovementioned companies. Prior to joining Ooredoo Group. Mr. Al Mahmoud also served as Chief Operating Officer of Nawras and wi tribe limited. Mr. Al Mahmoud commenced his career at Ooredoo in 1997 and held a number of positions, including Senior Manager – Product Management, Manager – Data Services (ISP) Business Unit, IT Divisional Manager, and Head of Information Systems – Business Applications.

Conflicts

There are no conflicts of interest between the duties of the Executive Directors listed above to Ooredoo Group and their private interests or other duties.

Executive Level Committees and Forums

The Group has developed a structure for its executive level committees, sub-committees and forums, in order to ensure effective collaboration between business units, the delegation of appropriate levels of executive authority and the distribution of decision-making power within the Group. This structure is illustrated in the following diagram:



Corporate Governance Manual

In 2008 the Board published a corporate governance manual in order to establish a uniform set of corporate governance rules and guidelines for the Group. At the same time, the Office of Corporate Governance was created within Ooredoo Group legal department. The Office of Corporate Governance is specifically tasked with managing the corporate governance relationships within the Group and providing day-to-day corporate governance services, guidance and advice to the Group. The Head of Corporate Governance is responsible for maintaining, among other things, the Group's corporate governance records and policies and establishing internal controls for governance and regulatory compliance.

Accordingly, governance manuals in respect of the Group have been adopted to take into account specific local laws and requirements and are broadly consistent with Ooredoo's corporate governance policies.

Internal Audit

Ooredoo also conducts an internal auditing process designed to ensure that adequate and effective internal control mechanisms are implemented through an independent evaluation of Ooredoo's systems and operations (the "**Internal Audit Office**"). The Internal Audit Office's principal responsibilities include

presenting to the Audit Committee an annual audit plan and acting as liaison with the external auditor. Under its charter, the Audit Committee recommends to the Board a chief officer of the Internal Audit Office. The Group Chief Audit Executive, Mr. Mohammed Al Emadi, is responsible for the Internal Audit Office.

Related Party Transactions

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

OVERVIEW OF QATAR

Qatar

Unless indicated otherwise, information in this section has been derived from Government publications.

Country Profile

Qatar is an independent state in the Southern Arabian Gulf. Qatar shares a land border and maritime boundaries with Saudi Arabia and maritime boundaries with Bahrain, the UAE and Iran. Qatar covers an area of approximately 11,493 square kilometres. Doha is the capital city of Qatar, the seat of government and Qatar's cultural, commercial and financial centre. It includes the country's main seaport and international airport and has an advanced road system linking it with the international road network. According to the most recent Government census, Qatar's population was 1,699,435 in April 2010, indicating a 128.4 per cent. growth in population since the census prior to that was carried out in 2004. The Qatar Statistics Authority (the "**QSA**") more recently estimated Qatar's population at 2,035,106 at the end of September 2013. A large portion of Qatar's population is comprised of non-Qatari nationals.

Qatar, which gained independence from the United Kingdom on 3 September 1971, was ruled from 27 June 1995 until recently by the former Emir, His Highness Sheikh Hamad Bin Khalifa Al-Thani. On 25 June 2013, His Highness Sheikh Tamim bin Hamad bin Khalifa Al-Thani (former Heir Apparent and the former Emir's fourth son) became the Emir of Qatar after his father handed power over to him. During his rule, His Highness Sheikh Hamad Bin Khalifa Al-Thani implemented various initiatives designed to exploit Qatar's oil and gas resources in a responsible manner, thereby making rapid economic development and the construction of modern infrastructure possible in Qatar. During a period of rapid economic and social progress, Qatar has maintained its cultural and traditional values as an Arab and Islamic nation.

In terms of foreign relations and membership of international organisations, Qatar, together with Bahrain, Kuwait, Oman, Saudi Arabia and the UAE form the Gulf Cooperation Council. Furthermore, Qatar is a member of the Organisation of the Petroleum Exporting Countries (OPEC), the Gas Exporting Countries Forum (which was established in 2008 and has its headquarters in Doha) and the United Nations. It is also a member of numerous international and multilateral organisations, including the International Monetary Fund, the International Bank for Reconstruction and Development, the World Trade Organisation, the League of Arab States, The Organisation of the Islamic Conference, the Multinational Investment Guarantee Organisation and UNESCO.

Legal System

Over the last decade, Qatar's legal system has been significantly reformed by the enactment of various pieces of legislation intended to bring Qatari laws in line with international laws, standards and practices. Qatar's civil law sets forth civil law principles, including with respect to conflict of laws, contracts, rights and obligations, security, ownership and torts. Qatar's commercial law addresses commercial affairs and entities, competition, commercial obligations and contracts, and commercial paper. The commercial law also provides comprehensive provisions addressing bankruptcy matters, permitting creditors to file claims against any corporate entity, except for certain professional companies and other companies that are at least majority owned by the Government. Finally, the Commercial Companies Law addresses matters with respect to the ownership of shares, limited liability, capital contributions, payment of dividends, shareholder rights and obligations and general principles of corporate governance. The Commercial Companies Law also introduces the concept of a single member limited liability company, and is not dissimilar to the companies laws of more mature legal systems.

The Government has passed other significant legislation in recent years, including the Foreign Investment Law, the Central Bank Law, the Money Laundering Law, the Doha Securities Market Law (now the Qatar Exchange Law) and the Qatar Financial Centre Law (the "**QFC Law**"), as well as competition, intellectual property, labour, property and environmental laws. Following the establishment of the QFC in 2005, the QFC Law established a legal and regulatory regime to govern the QFC that is generally parallel to and separate from Qatari laws and the Qatari legal system, except for Qatari criminal law. The QFC has established its

own rules and regulations applicable to, among others, financial services companies, and which cover such topics as employment, companies, anti-money laundering, contracts and insolvency.

National Vision

In October 2008, Qatar's General Secretariat for Development Planning developed and published the Qatar National Vision 2030 (the "**National Vision**"). The National Vision defines broad future trends and long-term objectives for Qatar, providing the framework within which national strategies and implementation plans can be developed. Besides establishing the foundation for developing Qatar's future strategies and policies, the National Vision has also helped to strengthen the coordination among governmental agencies and integrate planning efforts for the Government, the private sector and civic organisations. The four cornerstones of the National Vision are human, social, economic and environmental development, in the context of which Qatar aims to balance: (i) modernisation and the preservation of traditions; (ii) the needs of the current generation and the needs of future generations; (iii) managed growth and uncontrolled expansion; (iv) the size and quality of the expatriate labour force and the selected path of development; and (v) economic growth, social development, and environmental management. The National Vision is to be achieved through a series of medium term plans. The first such six-year plan, referred to as the National Development Strategy (NDS 2011-16), was released in March 2011.

Economic Overview

Qatar is one of the most prosperous countries in the world, with a nominal GDP per capita of QR382,096 (U.S.$104,972) in 2012 (based on QSA's mid-year 2012 population figure of 1,832,903). In recent years, Qatar has been one of the fastest growing economies in the world. As at 31 December 2012, Qatar's proven reserves of hydrocarbons amounted to approximately 189.5 billion barrels of oil equivalent, according to BP's Statistical Review of World Energy 2013. These hydrocarbons consist of proven reserves of approximately 25.1 trillion cubic metres of natural gas and 23.9 billion barrels of oil (comprising crude oil, gas condensate and natural gas liquids). Qatar's natural gas reserves are the third largest in the world and translated into 13.4 per cent. of overall global reserves in 2012. Virtually all of Qatar's proven reserves of natural gas and condensate are located in the North Field, which is estimated by the International Energy Agency (IEA) to be the largest non-associated gas field in the world. Qatar has about 160 years of proven gas reserves at current production levels, according to BP's Statistical Review of World Energy 2013.

Qatar's carefully planned exploitation of its hydrocarbon reserves resulted in a nominal GDP compound annual growth rate ("**CAGR**") of 13.7 per cent. from 2008 to 2012. Qatar's total nominal GDP increased by 12.2 per cent. in 2012 reaching QR700.3 billion (U.S.$192.4 billion), as commodity prices remained relatively high. Total nominal GDP in the first half of 2013 increased by 6.0 per cent. to reach QR366.0 billion (U.S.$100.5 billion), from QR345.4 billion (U.S.$94.9 billion) in the first half of 2012. As Qatar reaches the end of its successful 20 year LNG development plan, liquefied natural gas ("**LNG**") production is expected to plateau at a high, but steady, level over the next few years. Future growth in gas production is expected to come from the Barzan Project, which is a gas project under development to provide domestic pipeline gas. Qatar has focused on diversifying its economy in recent years in an effort to reduce its historical dependence on oil and gas revenues. The construction and real estate sectors have recently made substantial contributions to Qatar's economic growth and significant investments have been made to increase economic returns from, in particular, petrochemicals, financial services, infrastructure development and tourism.

In recent years, Qatar has focused on developing and exploiting its natural gas resources beyond the LNG industry by implementing a downstream strategy driven by opportunities to generate additional revenue from its existing oil and gas production. Qatar Petroleum ("**QP**") has developed pipeline gas projects both for regional export markets and for domestic petrochemicals and industrial consumption. In addition, QP is the majority shareholder in a number of industrial companies located primarily at Ras Laffan City and Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value added products, such as petrochemicals, fertiliser, steel, iron and metal coating, both for domestic consumption and for export. Qatar has also invested in exploiting various gas-to-liquid ("**GTL**") technologies and has two joint venture projects currently in operation to generate GTL products, such as distillates.

Although Qatar is focused on ensuring optimal and sustainable development and commercialisation of the oil and gas sector, which continues to be the backbone of the economy, one of the cornerstones of Qatar's current economic policy is a commitment to diversify the overall economy so that Government revenues from the oil and gas sector are supplemented by an increased percentage of Government revenues from non-oil and gas-related activities. As set forth in the National Vision, Qatar's long-term economic objectives include developing its infrastructure and strengthening its private sector.

Throughout a period characterised by rapid growth and development, Qatar has demonstrated fiscal responsibility by managing its budget and public finances prudently. Qatar has historically had low levels of indebtedness but there was an increase in indebtedness from 2009 onwards mainly due to the support given by Qatar to the commercial banking sector during the global financial crisis in 2009 and the issuance of bonds and treasury bills by the Qatar Central Bank to absorb excess liquidity among domestic commercial banks and to develop a yield curve for riyal-denominated domestic bonds. Most of Qatar's significant energy projects are funded on a stand-alone, limited recourse basis.

At the end of the fiscal year ended 31 March 2013, Qatar's overall budget surplus was estimated at QR73.0 billion (U.S.$20.1 billion), or 10.4 per cent. of nominal GDP, an increase of QR53.4 billion (U.S.$14.7 billion) compared to the fiscal year ended 31 March 2012. Capital spending in the fiscal year ended 31 March 2013 declined by 8.9 per cent. compared to the fiscal year ended 31 March 2012. Total revenue for the fiscal year ended 31 March 2013 increased by 29.5 per cent. compared to the fiscal year ended 31 March 2012. Oil and gas revenue rose by 12.5 per cent., driven by higher prices for Qatar's hydrocarbon output and a modest expansion of volumes. Oil and gas revenues were around 42 per cent. higher than the budget forecast, principally due to actual oil prices exceeding the conservative $65 per barrel planning assumption. Qatar's budget for the fiscal year ending 31 March 2014 has budgeted record expenditure 17 per cent. higher than the budget for the fiscal year ended 31 March 2013. The majority of this budgeted increase is in current spending, with wages and salaries growing by 20 per cent., although budgeted capital expenditure also rises by 17 per cent.

In recent years, Qatar has used its budget surpluses to diversify the economy through increased spending on infrastructure, social programmes, healthcare and education, which have modernised Qatar's economy. Qatar's economic growth has also enabled it to diversify its economy through domestic and international investment into different classes of assets. This diversification will be important to Qatar's future. Government revenues as the growth rate of Qatar's revenue from the oil and gas sector is expected to stabilise given the completion of several of Qatar's long-term hydrocarbon investment programmes.

In 2005, Qatar established the Qatar Investment Authority ("**QIA**") to propose and implement investments for Qatar's growing financial reserves, both domestically and abroad. Through the QIA, Qatar has invested in private equity, the banking sector, real estate, publicly traded securities and alternative assets. With its growing portfolio of international and domestic long-term strategic investments, the QIA has continued to develop Qatar's economic diversification strategy while contributing to the nation's significant economic expansion. In December 2010, Qatar was awarded the right to host the Fédération Internationale de Football Association (FIFA) 2022 World Cup, which will provide opportunities for Qatar to invest in further developing its infrastructure and diversifing its economy.

Gross Domestic Product

Qatar's nominal GDP has grown at a CAGR of 13.7 per cent. from 2008 to 2012, driven by the production and export of oil, condensates, LNG, pipeline gas, metals, petrochemicals and related products, coupled with rising hydrocarbon prices. Annual nominal GDP growth amounted to 44.6 per cent. in 2008, a decline of 15.2 per cent. in 2009, a growth of 27.9 per cent. in 2010, a growth of 37.0 per cent. in 2011, and a growth of 12.2 per cent. in 2012, as commodity prices remained relatively high. Qatar's total nominal GDP for the first half of 2013 increased by 6.0 per cent. as compared to the first half of 2012 based on preliminary QSA data for 2013.

The following table sets forth certain information about Qatar's nominal GDP by economic sector and by percentage contribution to total nominal GDP for each of the five years ended 31 December 2012.

	Year end December[1]									
	2008		2009		2010		2011		2012	
	Value	*%*	*Value*	*%*	*Value*	*%*	*Value*	*%*	*Value*	*%*
	(QR in millions, except for percentages)									
Oil and gas sector[2]	230,312	54.9	159,467	44.8	239,745	52.6	370,161	59.3	404,750	57.8
Non-oil and gas by sectors:										
Finance, business services, insurance and real estate	51,580	12.3	58,099	16.3	60,291	13.2	65,559	10.5	71,162	10.2
Manufacturing[3]	44,853	10.7	33,570	9.4	40,832	9.0	56,742	9.1	68,906	9.8
Building and construction	27,199	6.5	25,522	7.2	27,500	6.0	28,339	4.5	30,967	4.4
Trade, restaurants and hotels	23,429	5.6	29,839	8.4	31,500	6.9	35,603	5.7	39,453	5.6
Transport and communications	14,775	3.5	16,212	4.6	18,069	4.0	20,993	3.4	23,397	3.3
Electricity and water	2,063	0.5	1,794	0.5	2,113	0.5	2,351	0.4	2,637	0.4
Agriculture and fisheries	523	0.1	439	0.1	537	0.1	590	0.1	641	0.1
Other services[4]	24,848	5.9	31,044	8.7	34,858	7.7	43,835	7.0	58,433	8.3
Total non-oil and gas sector	189,270	45.1	196,519	55.2	215,700	47.4	254,012	40.7	295,595	42.2
Total nominal GDP	419,582	100	355,986	100	455,445	100	624,173	100	700,345	100

Notes:

(1) The GDP figures are based on the latest available data from the QSA.

(2) Represented as 'mining & quarrying (including oil & gas)' by the QSA.

(3) For purposes of calculating GDP, certain downstream activities generally associated with Qatar's oil and gas industry, such as the production and export of gas to liquids, petrochemicals, fertilisers, steel, aluminium, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.

(4) Includes social services, imputed bank service charges, government services, household services and import duties.

The following table sets forth certain information about Qatar's nominal GDP by economic sector and by percentage contribution to total nominal GDP for the first six months of 2012 and 2013, including the percentage change between these periods.

	Six months ended 30 June[1]				Percentage
	2012		2013		Change
	Value	*%*	*Value*	*%*	*%*
Oil and gas sector[2]	205,063	59.4	206,736	56.5	0.8
Non-oil and gas by sectors:					
Finance, business services, insurance and real estate	35,261	10.2	40,518	11.1	14.9
Manufacturing[3]	31,839	9.2	34,437	9.4	8.2
Building and construction	15,389	4.5	18,535	5.1	20.4
Trade, restaurants and hotels	17,872	5.2	19,804	5.4	10.8
Transport and communications	11,092	3.2	12,228	3.3	10.2
Electricity and water	1,226	0.4	1,366	0.4	11.4
Agriculture and fisheries	316	0.1	344	0.1	9.3
Other services[4]	27,312	7.9	32,063	8.8	17.4
Total non-oil and gas sector	140,307	40.6	159,297	43.5	13.5
Total nominal GDP	345,370	100.0	366,030	100.0	6.0

Notes:

(1) The GDP figures are based on the latest available data from the QSA.

(2) Represented as 'mining & quarrying (including oil & gas)' by the QSA.

(3) For purposes of calculating GDP, certain downstream activities generally associated with Qatar's oil and gas industry, such as the production and export of gas to liquids, petrochemicals, fertilisers, steel, aluminium, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.

(4) Includes social services, imputed bank service charges, government services, household services and import duties. Source: QSA.

Qatar's Indebtedness

Qatar's total outstanding indebtedness (excluding guarantees) as of 31 March 2013 was QR293.2 billion (U.S.$80.5 billion), equivalent to 41.9 per cent. of nominal GDP. This comprised internal indebtedness of

QR197.8 billion (U.S.$54.3 billion) or 67.5 per cent. of total indebtedness, and external indebtedness of QR95.4 billion (U.S.$26.2 billion) or 32.5 per cent. of total indebtedness.

Qatar has never defaulted on any payment of principal of, or premium or interest on, any of its internal or external indebtedness. Overall, Qatar's stable economic situation has improved its credit ratings over the past decade. Through a series of increases, Qatar's long-term credit rating by Standard & Poor's has improved from BBB as of February 1996 to AA as of July 2010, with a stable outlook. Similarly, Qatar's foreign and local currency bond ratings by Moody's have improved from Baa2 as of September 1999 to Aa2 as of December 2008, which have been confirmed, with a stable outlook.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Trustee and the Principal Paying Agent (as defined in the Conditions).

Master Airtime Purchase Agreement, as supplemented by each Supplemental Airtime Purchase Agreement

The Master Airtime Purchase Agreement will be entered into on or about the date of this Base Prospectus between the Trustee (in its capacity as "**Purchaser**") and Ooredoo (in its capacity as "**Seller**"). The Trustee and Ooredoo will subsequently enter into a Supplemental Airtime Purchase Agreement in relation to the issuance of each Series of Certificates. The Master Airtime Purchase Agreement and each Supplemental Airtime Purchase Agreement will be governed by English law.

Pursuant to the Master Airtime Purchase Agreement as supplemented by the relevant Supplemental Airtime Purchase Agreement, in relation to the issuance of each Series of Certificates, Ooredoo will, on the Issue Date, sell and transfer to the Trustee all of its interest, rights, benefits and entitlements in and to the Original Airtime Vouchers as identified in the Supplemental Airtime Purchase Agreement. In consideration thereof, the Trustee shall make or procure payment of the Purchase Price (as defined in the Master Airtime Purchase Agreement) to Ooredoo on the date of the relevant Supplemental Airtime Purchase Agreement.

Each Airtime Voucher represents an entitlement to a specified number of Airtime Minutes. Airtime Vouchers cannot be redeemed for Airtime Minutes unless sold by a duly licensed provider of telecommunications services in Qatar (including pursuant to the Master Distribution Agreement).

Master Distribution Agreement

The Master Distribution Agreement will be entered into on or about the date of this Base Prospectus between the Trustee and Ooredoo (in its capacity as "**Distributor**"). The Master Distribution Agreement will be governed by English law.

Under the terms of the Master Distribution Agreement in relation to the issuance of each Series of Certificates, the Trustee appoints the Distributor as its sole and exclusive distributor to sell the relevant Airtime Vouchers that the Distributor has agreed to distribute and sell to Customers in respect of each Return Accumulation Period for each Series in accordance with the Master Distribution Agreement.

The distribution of Airtime Vouchers by the Distributor involves the sale of the Airtime Minutes which the relevant Airtime Vouchers represent. Any sale of Airtime Minutes will be for the Distributor's own account and involve a corresponding sale by the Trustee to the Distributor of each relevant Airtime Voucher which represents such Airtime Minutes.

During the term of its appointment, the Distributor agrees to sell a certain number of Airtime Vouchers at a certain minimum sale price and pay the Trustee the amounts specified in the Master Distribution Agreement in respect of such sales. The payments due under the Master Distribution Agreement at the end of each Return Accumulation Period in respect of the relevant Airtime Vouchers will be: (i) the cost price of that Airtime Voucher; and (ii) a profit amount that ensures that, following the distribution and sale of all Airtime Vouchers designated for sale during each Return Accumulation Period, the aggregate profit therefrom shall not be less than the Periodic Distribution Amounts payable on the Periodic Distribution Dates in respect of the relevant Series of Certificates.

To the extent the Distributor is unable to sell the Airtime Vouchers designated for sale during a particular period (the "**Surplus Airtime Vouchers**"), Ooredoo will automatically purchase the Surplus Airtime Vouchers pursuant to the Purchase Undertaking. The Distributor also indemnifies the Trustee for any shortfall in the proceeds of the sale of Airtime Vouchers as a result of any Airtime Vouchers being sold for less than the minimum sale price.

At any time at which the aggregate cost price of the Airtime Vouchers comprised in the Distribution Assets (as defined in other Master Distribution Agreement) of each Series is less than 70 per cent. of the aggregate face amount of the Certificates then outstanding, Ooredoo will sell to the Trustee Additional Airtime Vouchers pursuant to the Airtime Vouchers Sale Undertaking. The Trustee will purchase such Additional Airtime Vouchers using the amounts received from the distribution and sale of Airtime Vouchers as described above (following the payment of any Periodic Distribution Amount), such amounts being recorded against reserve account ledgers in Ooredoo's books.

If, in relation to a Series, Ooredoo fails to pay the applicable Certificates Exercise Price (or any part thereof) on its due date and the sale and purchase pursuant to the Purchase Undertaking of the Trustee's interest, rights, benefits and entitlements in and to the relevant Series Assets does not occur in full on the relevant Dissolution Date, the relevant distribution term shall be deemed to be extended for successive periods having the same length as the original distribution period (for that Series) until the earlier of: (i) the date upon which the outstanding amount and all profit which has accrued under the Master Distribution Agreement and the terms of the Purchase Undertaking is paid in full by Ooredoo; and (ii) the date upon which there are no more Airtime Vouchers remaining for distribution and sale.

If Airtime Vouchers are sold for more than the minimum sale price, the Distributor may retain such excess as an incentive fee.

Under the terms of the Master Distribution Agreement, the Distributor has agreed, on demand, to fully reimburse, compensate, indemnify and hold harmless, the Trustee (and each of its directors and officers) for any and all obligations, liabilities, actual losses, costs, expenses, fees (including legal fees and expenses incurred in connection with any enforcement of the Master Distribution Agreement), damages, penalties, demands, actions and judgments of every kind and nature arising out of or in connection with the distribution and sale of Airtime Vouchers (including such distribution and sale being invalid or ineffective) or any claims or legal processes arising out of any act or omission of the Distributor in any way connected to the distribution and sale of Airtime Vouchers by the Distributor.

All payments by the Distributor to the Trustee under the Master Distribution Agreement shall be paid in full without any set off or counterclaim of any kind and without any deduction or withholding for or on account of tax unless the deduction or withholding is imposed or levied by or on behalf of any relevant taxing authority, in which event the Distributor shall forthwith pay to the Trustee such additional amount so that the net amount received by the Trustee will equal the full amount which would have been received by it had no such deduction or withholding been made.

Purchase Undertaking

Ooredoo will enter into a purchase undertaking (the "**Purchase Undertaking**") on or about the date of this Base Prospectus in favour of the Trustee (in its capacity as Trustee for the Certificateholders) and the Delegate, which is governed by English law.

Under the terms of the Purchase Undertaking, Ooredoo irrevocably undertakes to purchase and accept the transfer of all of the Trustee's interest, rights, benefits and entitlements in and to the Airtime Vouchers which are owned by the Trustee in respect of a Series at such time and which have not been sold pursuant to the terms of the Transaction Documents: (i) on the Scheduled Dissolution Date of the Certificates of a particular Series; (ii) following the exercise of the Change of Control Put Option by 100 per cent. of the Certificateholders in a Series; or (ii) any earlier due date following the occurrence of a Dissolution Event, in each case in exchange for payment of the Certificates Exercise Price (as defined in the Purchase Undertaking and as specified in the relevant Exercise Notice) plus any taxes payable. In order to exercise these rights, the Trustee or the Delegate is required to deliver an Exercise Notice to Ooredoo under the Purchase Undertaking.

As described above, to the extent the Distributor is unable to sell, pursuant to the Master Distribution Agreement, certain Surplus Airtime Vouchers, Ooredoo will purchase the Surplus Airtime Vouchers pursuant to the Purchase Undertaking (upon due exercise thereof).

Ooredoo also grants to the Trustee the right to, following the exercise of the Change of Control Put Option by less than 100 per cent. of the Certificateholders in a Series, to require Ooredoo (upon receipt by Ooredoo

of not less than fifteen (15) nor more than thirty (30) days' notice from the Trustee) to purchase and accept the transfer and conveyance of a specified number of Airtime Vouchers comprised in the relevant Series Assets with an aggregate value no greater than the aggregate face amount of the Change of Control Certificates (as defined in the Purchase Undertaking), in exchange for payment of the Redemption Price. Such a redemption may only take place on a Periodic Distribution Date.

Sale Undertaking

The Trustee (in its capacity as Trustee for the Certificateholders) will enter into an sale undertaking (the "**Sale Undertaking**") on or about the date of this Base Prospectus in favour of Ooredoo, which is governed by English law.

Under the terms of the Sale Undertaking, Ooredoo may, in the event of a Tax Redemption Event or, in the event that Ooredoo exercises an Optional Dissolution Right in respect of a Series, exercise its rights under the Sale Undertaking to require the Trustee to sell, transfer and convey to Ooredoo all of its interest, rights, benefits and entitlements in and to Airtime Vouchers which are owned by the Trustee in respect of the Series at such time and which have not been sold pursuant to the terms of the Transaction Documents. The price payable by Ooredoo upon exercise of the Sale Undertaking shall be an amount equal to the Certificates Exercise Price (as defined in the Sale Understanding and as specified in the relevant Exercise Notice). Simultaneously with payment of the Certificates Exercise Price in accordance with the Sale Undertaking, the parties will enter into a Sale Agreement to effect the sale by the Trustee to Ooredoo of the Series Assets that are the subject of the relevant Series. Such Sale Agreement will be governed by English law.

Ooredoo and/or any of its subsidiaries may at any time purchase Certificates in the open market or otherwise. Should Ooredoo wish to cancel any Certificates so purchased, it will deliver such Certificates to the Principal Paying Agent for cancellation. Ooredoo may also exercise its option under the Sale Undertaking to require the Trustee to transfer to Ooredoo all of its rights, title, interests, benefits and entitlements in and to Airtime Vouchers with an aggregate value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation, the Trustee will transfer those Airtime Vouchers to Ooredoo.

The Airtime Voucher Sale Undertaking

Ooredoo will execute the Airtime Voucher Sale Undertaking in favour of the Trustee pursuant to which Ooredoo undertakes, upon the exercise thereof in connection with an Additional Purchase Event, to sell Additional Airtime Vouchers to the Trustee on each Periodic Distribution Date. The Trustee shall apply amounts standing to the credit of the Reserve Account (as defined in the Distribution Agreement) to purchase such Additional Airtime Vouchers, the effect of which will be that the Value of the Distribution Assets is at least equal to the Outstanding Amount.

"**Additional Purchase Event**" means, in relation to a particular Series, and except as provided in clause 3.6(c) of the Purchase Undertaking, on any Periodic Distribution Date the aggregate Voucher Cost Price of the unsold Airtime Vouchers is less than the aggregate Outstanding Amount for that Series.

The Master Declaration of Trust, as supplemented by each Supplemental Declaration of Trust

A master declaration of trust (the "**Master Declaration of Trust**") will be entered into on the Closing Date between Ooredoo, the Trustee and the Delegate and is governed by English law. A Supplemental Declaration of Trust between the same parties shall be entered into on the Issue Date of each Series of Certificates and shall also be governed by English law.

Upon issue of the Global Certificate initially representing the Certificates of any Series, the Master Declaration of Trust and the relevant Supplemental Declaration of Trust shall together constitute the Trust declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Declaration of Trust), *inter alia*, the Series Assets, the Trustee's rights under the Purchase

Undertaking and certain other documents it has entered into and any amounts it may have deposited in the relevant Transaction Account, subject to the terms of the relevant Supplemental Declaration of Trust.

Pursuant to the Master Declaration of Trust, the Trustee will, in relation to each Series of Certificates, *inter alia*:

(a) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates of that Series held by each Certificateholder, in accordance with the provisions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust;

(b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust;

(c) subject to being indemnified and/or secured and/or pre-funded to its satisfaction, enforce the Trust Assets including, insofar as it is able, taking all reasonably necessary steps to enforce each of the Master Declaration of Trust, the Purchase Undertaking, the Master Airtime Purchase Agreement, the Master Distribution Agreement and any other relevant Transaction Document if Ooredoo shall have at any time failed to perform its obligations under it;

(d) collect the proceeds of the Trust Assets in accordance with the terms of the Master Declaration of Trust and, if applicable, the terms of the relevant Supplemental Declaration of Trust;

(e) distribute the proceeds of any enforcement of the Trust Assets, as described in the Master Declaration of Trust;

(f) maintain proper books of account in respect of the relevant Trust; and

(g) take such other steps as are reasonably necessary to ensure that the Certificateholders of each Series receive the distributions to be made to them in accordance with the Transaction Documents.

In the Master Declaration of Trust, the Trustee also undertakes that, *inter alia*:

(a) it may or shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) upon being directed to do so by the Certificateholders enforce the obligations of Ooredoo under the Master Declaration of Trust, the Purchase Undertaking, the Master Airtime Purchase Agreement, the Master Distribution Agreement and any other Transaction Document to which Ooredoo is a party;

(b) to the extent that it prepares accounts, it shall cause to be prepared and certified by its auditors in respect of each financial accounting period accounts in such form as will comply with all relevant legal and accounting requirements and all requirements for the time being of any stock exchange on which the Certificates are listed; and

(c) following the occurrence of a Dissolution Event in respect of any Series of Certificates and, subject to Condition 15 (*Dissolution Events*), it shall: (i) promptly notify the Certificateholders of the occurrence of such Dissolution Event; and (ii) take all such steps as are necessary to enforce the obligations of Ooredoo under the Purchase Undertaking, the Master Airtime Purchase Agreement and the Master Distribution Agreement in accordance with the provisions thereof and any other Transaction Document to which Ooredoo is a party.

The Trustee irrevocably and unconditionally appoints the Delegate (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) to exercise all of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by the Master Declaration of Trust that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event, exercise all of the rights of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and the Corporate Services Agreement (provided that no obligations, duties or covenants of the Trustee pursuant to the Master Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of the delegation) and make such distributions from the Trust Assets as the Trustee is bound to make

in accordance with the Master Declaration of Trust (the foregoing being the Delegation of the Relevant Powers). The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

In addition to the Delegation of the Relevant Powers, certain powers under the Master Declaration of Trust have been vested solely in the Delegate, including, *inter alia*, the power to determine the occurrence of a Dissolution Event, the power to waive or authorise a breach of an obligation or determine that a Dissolution Event shall not be treated as such, and the power to consent to certain types of amendments to any Transaction Document or the memorandum and articles of association of the Trustee.

A Collection Account, a Reserve Account and a Transaction Account will be established in respect of each Series of Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise: (i) payments from the relevant Collection Account (and, where required, the relevant Reserve Account) immediately prior to each Periodic Distribution Date (see "*Summary of the Principal Transaction Documents – Master Distribution Agreement*") below); and (ii) the Certificates Exercise Price received from Ooredoo under the relevant Sale Agreement (see "*Summary of the Principal Transaction Documents – Purchase Undertaking"* and *"Summary of the Principal Transaction Documents – Sale Undertaking*" below). The Master Declaration of Trust provides that all monies credited to the Transaction Account in respect of each Series will be applied by the Principal Paying Agent in the following order of priority in accordance with Condition 6(b) (*Trust – Application of Proceeds from Trust Assets*):

(a) *first*, (to the extent not previously paid) to pay the Delegate all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust;

(b) *second*, (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents and the Corporate Services Agreement in its capacity as Trustee Administrator; and (iii) each Agent in respect of all amounts owing to such Agent on account of its properly incurred fees, costs, charges and expenses and the payment or satisfaction of any liability properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

(c) *third*, for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(d) *fourth*, only if such payment is made on a Change of Control Put Option Date which is not a Dissolution Date, for application in or towards payment of the relevant Change of Control Amount;

(e) *fifth*, only if such payment is made on a Dissolution Date, for application in or towards payment of the relevant Dissolution Amount; and

(f) *sixth*, only if such payment is made on a Dissolution Date, payment of any residual amount to Ooredoo as Distributor as an incentive amount for its performance.

In addition, under the Master Declaration of Trust Ooredoo undertakes to the Trustee that, if any amount payable by Ooredoo to the Trustee pursuant to any Transaction Document is not recoverable from Ooredoo for any reason whatsoever and the Trustee suffers any cost, expense, loss or taxes as a result of the Trustee's holding of the Trust Assets (which cost, expense or loss is not recoverable under the relevant Transaction Documents), then Ooredoo will indemnify the Trustee against all losses, claims, costs, charges and expenses, but excluding the costs of funding the same, to which it may be subject or which it may incur under or in respect of the Transaction Documents.

The Master Declaration of Trust specifies that, on or after the relevant Dissolution Date of a Series of Certificates, the rights of recourse in respect of Certificates shall be limited to the amounts from time to time

available and comprising the relevant Trust Assets of that Series, subject to the priority of payments set out in the Conditions. The Certificateholders have no claim or recourse against the Trustee in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Following the distribution of the Trust Assets to the Certificateholders in accordance with the Conditions and the Master Declaration of Trust, the Trustee shall not be liable for any further sums, and accordingly the Certificateholders may not take any action against the Trustee or any other person to recover any such sum, in respect of the Certificates or the Trust Assets.

The Trustee shall not be bound in any circumstances to take any action to enforce or to realise such Trust Assets or take any action against Ooredoo under any Transaction Documents to which Ooredoo is a party unless directed or requested to do so by the Certificateholders in accordance with the Conditions, and then only to the extent indemnified to its satisfaction.

No Certificateholder shall be entitled to proceed directly or, provide instructions to the Delegate to proceed against Ooredoo unless: (i) the Trustee, having become bound so to proceed, fails to do so within a reasonable period of becoming so bound and such failure is continuing; and (ii) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against Ooredoo) holds at least 20 per cent. of the aggregate face amount of the Certificates then outstanding.

The foregoing is subject to the following: after enforcing or realising such Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 6(b) (*Trust – Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of such Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Under no circumstances shall the Trustee or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking or any Sale Agreement, and the sole right of the Trustee and the Certificateholders against Ooredoo shall be to enforce the obligation of Ooredoo to pay the relevant Dissolution Amount and any other amounts due under the Transaction Documents.

Certificateholders, by subscribing for or acquiring Certificates, acknowledge that no recourse may be had for the payment of any amount owing in respect of any Certificates against the Trustee or the Delegate, in any circumstances whatsoever, or the relevant Trust to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee or the Delegate and the relevant Trust shall be extinguished.

Certificateholders should note that through, *inter alia*, the Purchase Undertaking, the Trustee and the Delegate will have recourse to Ooredoo and the ability of the Trustee to pay the amounts due in respect of the Certificates will ultimately be dependent on Ooredoo.

Agency Agreement

Pursuant to an agency agreement (the "**Agency Agreement**") entered into on or about the date of this Base Prospectus between, amongst others, the Trustee, Ooredoo and the Principal Paying Agent, provision will be made for, *inter alia*, payment of all sums due in respect of the Certificates.

TAXATION

The following is a general description of certain Qatari, Cayman Islands and European Union tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those countries or elsewhere. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments of profit, principal and/or other amounts under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Qatar

The following is a general description of certain Qatar income tax considerations relating to the Certificates. It does not purport to be a complete analysis of all income tax considerations relating to the Certificates nor does it address the considerations that are dependent on individual circumstances. Prospective purchasers of Certificates should consult their own tax advisers to determine the income tax consequences for them of acquiring, holding and disposing of the Certificates and receiving distributions, payments of principal, profit and/or other amounts under the Certificates and the consequences of such actions under the Qatar income tax regulations.

This general description of taxation in Qatar is based upon (a) Law No. 21 of the Year 2009 (the "**Qatar tax law**"), (b) Decision No. 10 of 2011 of the Ministry of Economy and Finance (the "**Executive Regulations**"), (c) Circular No. 2 of 2011 and (d) the practices that have been adopted and applied by the Public Revenues and Taxes Department at the Ministry of Economy and Finance, each as in effect on the date of this Base Prospectus. This general description is subject to any subsequent change in Qatar tax law, the Executive Regulations or other regulations and practice that may come into force after such date.

Under the Qatar tax law, tax is imposed on income derived from a source in Qatar. Income derived from a source in Qatar includes gross income arising from an activity carried on in Qatar, contracts wholly or partially performed in Qatar and real estate situated in Qatar (including the sale of shares in companies or partnerships, the assets of which consist mainly of real estate situated in Qatar). The gross income of citizens of the Gulf Co-operation Council who are tax resident in Qatar, including their shares in the profits of legal entities, is exempt from Qatar tax as are: (a) the capital gains on the disposal of real estate and securities derived by natural persons provided that the real estate and securities so disposed of do not form part of the assets of a taxable activity; and (b) the receipt of interest and returns on public treasury bonds, development bonds and public corporation bonds, including profits from the disposal of such bonds. Natural or legal persons deemed subject to income tax in Qatar will either pay tax, generally, at the standard rate of 10 per cent. on the net taxable income or, the tax will be withheld at source from the gross payment to be made.

A withholding tax applies to certain payments made to "**non-residents**" (as defined in the Qatar tax law) in respect of activities not connected with a permanent establishment in Qatar. Particularly, the Qatar tax law specifies a withholding tax rate of 7 per cent. on payments of interest. The Executive Regulations which apply to the Qatar tax law provide for certain exemptions from withholding tax on interest payments. These exemptions are: (i) interest on deposits in banks in Qatar; (ii) interest on bonds and securities issued by the State of Qatar and public authorities, establishments, corporations and companies owned wholly or partly by the State of Qatar; (iii) interest on transactions, facilities and loans with banks and financial institutions; and (iv) interest paid by a permanent establishment in Qatar to the head office or to an entity related to the head office outside Qatar. The provisions applicable to interest payments may also apply to profit payments made under Islamic financial instruments (including sukuk).

In any case, the Public Revenues and Taxes Department of the Ministry of Finance has issued a clarification to Ooredoo confirming that payments made under the Programme (including payments to the Certificateholders) will not be subject to withholding tax.

There is no stamp duty, capital gains tax or sales tax applicable in Qatar (however, unless specifically exempt under the Qatar tax law, gains of a capital nature are treated as income and taxed at the same rate as income).

Cayman Islands

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

There are no income, corporation, capital gains tax or estate duty, inheritance tax or gift tax in effect in the Cayman Islands on the basis of present legislation. The Trustee has applied for and expects to obtain an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, that for a period of 20 years from the date of issue no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which would include the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment (as defined in the Tax Concessions Law (1999 Revision)). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. An instrument of transfer in respect of a Certificate may be stampable if executed in or brought to the Cayman Islands. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$853. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments at a rate of 35.0 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive and has been mandated to negotiate amendments to the similar measures adopted by certain non-EU countries, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional adviser.

The proposed Financial Transactions Tax ("FTT")

The European Commission recently published a proposal for a Directive for a common financial transaction tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. The tax would be applicable from 1 January 2014.

The proposed FTT has very broad, potentially extraterritorial scope. It would apply to financial transactions where at least one party is a financial institution established in a Member State, or at least one person not being a financial institution is a party established in a Member State and a financial institution established in a Member State is acting in the name of a party to the transaction. A financial institution or a person which is not a financial institution may be, or be deemed to be, "established" in a Member State in a broad range of circumstances including where the financial instrument which is subject to the transaction is issued in a participating Member State.

In relation to many secondary market transactions in bonds, the FTT would be charged at a minimum rate of 0.1 per cent. on each financial institution which is party to, or is acting on behalf of a party to the transaction, or on whose account the transaction is carried out. The issuance and subscription of the Certificates should, however, be exempt. There are no broad exemptions for financial intermediaries or market makers. Therefore, the effective cumulative rate applicable to some dealings in bonds (for instance, cleared transactions) could be greatly in excess of 0.1 per cent.

A person transacting with a financial institution which fails to account for FTT would be jointly and severally liable for that tax.

The FTT proposal remains subject to negotiation between the Member States, and may therefore be altered. Additional Member States may decide to participate and Member States mentioned above may decide not to participate. Prospective holders of the Certificates are strongly advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Certificates may be sold from time to time by the Trustee to any one or more of DBS Bank Ltd., Deutsche Bank AG, London Branch, HSBC Bank plc, QInvest LLC, QNB Capital LLC or any additional dealer(s) appointed under the Programme from time to time by the Trustee (the "**Dealers**"). The arrangements under which Certificates may from time to time be agreed to be sold by the Trustee to, and purchased by, the Dealers are set out in a programme agreement (the "**Programme Agreement**") dated 22 November 2013 (the "**Programme Agreement**") and made between, amongst others, the Trustee, Ooredoo and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Certificates, the price at which such Certificates will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Trustee in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Certificates.

General

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Certificates or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Trustee, Ooredoo and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Certificates or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Trustee and Ooredoo. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

United States of America

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates comprising the relevant Series, as certified to the Principal Paying Agent or the Trustee by such Dealer (or, in the case of a sale of a Series of Certificates to or through more than one Dealer, by each of such Dealers as to the Certificates of such Series purchased by or through it, in which case the Principal Paying Agent, the Trustee or Ooredoo shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Certificates comprising any Series, any offer or sale of Certificates within the United States by any dealer (whether or not participating in the

offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Member State which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Certificates to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and Ooredoo for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that, no such offer of Certificates referred to above shall require the Trustee, Ooredoo or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Certificates to the public**" in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" for the purposes of this paragraph means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) in relation to any Certificates which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Trustee;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or Ooredoo; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold Certificates, and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Malaysia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia; and

(b) accordingly, the Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Certificates have been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons or in categories falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor pursuant to Section 274 of the SFA; (ii) to a relevant person as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Certificates are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(b)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "**DFSA**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Kingdom of Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a Saudi Investor) who acquires Certificates pursuant to any offering should Certificate that the offer of Certificates is a private placement under Article 10 or Article 11 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the KSA Regulations). The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates will comply with the KSA Regulations. Each offer of Certificates shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 10 and/or Article 11 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Certificates are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds SR 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Kingdom of Bahrain

This Base Prospectus does not constitute an offer to: (i) the Public (as defined in Articles 142-146 of the Commercial Companies Law (Decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain; or (ii) any person in the Kingdom of Bahrain who is not an "accredited investor".

For this purpose, an "accredited investor" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it will not offer Certificates to the public in the Kingdom of Bahrain, except pursuant to the provisions of Articles 80-85 of the Central Bank of Bahrain and Financial Institutions Law; and (ii) except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

Qatar (excluding the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not and will not offer, sell or deliver, directly or indirectly, any Certificates in the State of Qatar, except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Base Prospectus has not been reviewed or approved by the Qatar Central Bank or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

Qatar Financial Centre

This Base Prospectus has not been, and will not be, registered with or approved by the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the Qatar Financial Centre. This document is

intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the Qatar Financial Centre and may not be reproduced or used for any other purpose.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall not make any invitation to the public in the Cayman Islands to subscribe for any Certificates.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issuance of Certificates thereunder was duly authorised by a resolution of the Board of Directors of the Trustee dated 21 November 2013. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Certificates. The entry into the Transaction Documents to which it is a party was authorised by a resolution of the Board of Directors of Ooredoo dated 19 November 2013.

Listing of Certificates

It is expected that each Series of Certificates which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Series.

Application has been made to the Irish Stock Exchange for Certificates issued under the Programme to be admitted to the Official List and admitted to trading on the Regulated Market. The approval of the Programme in respect of Certificates is expected to be granted on or around 22 November 2013. Unlisted Certificates may be issued pursuant to the Programme.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Trustee or Ooredoo is aware) which may have, or have had during the twelve months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Trustee, Ooredoo and any of Ooredoo's Subsidiaries.

Significant/Material Change

Since 31 December 2012 there has been no material adverse change in the prospects of Ooredoo or its Subsidiaries and, since 30 September 2013, there has not been any significant change in the financial or trading position of Ooredoo or its Subsidiaries.

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since the date of its incorporation.

Auditors

The consolidated financial statements of Ooredoo as of and for the years ended 31 December 2011 and 2012 have been audited by KPMG Qatar, independent auditors, as stated in their reports appearing herein. KPMG Qatar are public accountants registered to practise as auditors with the Department of Companies Controls, Ministry of Business & Trade in Qatar.

The unaudited interim condensed consolidated financial statements of Ooredoo as at and for the nine-month period ended 30 September 2013 have been reviewed in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" by KPMG Qatar as stated in their report appearing herein.

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Documents on Display

For the period of 12 months following the date of this Base Prospectus, physical copies (and English translations where the documents in question are not in English) of the following documents will, when published, be available for inspection during normal office hours at the registered office of the Trustee and from the specified office of the Principal Paying Agent for the time being in London:

(a) the Memorandum and Articles of Association of the Trustee and Ooredoo;

(b) the audited consolidated financial statements of Ooredoo for the years ended 31 December 2011 and 2012 in each case, together with the audit reports prepared in connection therewith, and the unaudited interim condensed consolidated financial statements of Ooredoo for the nine months ended 30 September 2013 together with any review report prepared in connection therewith;

(c) the Master Airtime Purchase Agreement, each Supplemental Airtime Purchase Agreement, the Master Distribution Agreement, the Purchase Undertaking, the Sale Undertaking, each Sale Agreement entered into in connection with the Purchase Undertaking or Sale Undertaking, the Airtime Voucher Sale Undertaking and each Additional Airtime Voucher Sale Agreement entered into in connection therewith, the Agency Agreement, the Master Declaration of Trust and Supplemental Declaration of Trust and the Corporate Services Agreement;

(d) a copy of this Base Prospectus; and

(e) any future supplements to the Base Prospectus including Final Terms (save that a Final Terms relating to a Certificate which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of Certificates and identity) and any other documents incorporated herein or therein by reference (free of charge).

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The appropriate common code and the International Securities Identification Number in relation to the Certificates of each Series will be specified in the applicable Final Terms. The applicable Final Terms shall specify any other clearing system as shall have accepted the relevant Certificates for clearance together with any further appropriate information.

Passporting

The Trustee may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in Ireland to be issued by the Central Bank of Ireland to the competent authority in any Member State.

Dealers transacting with Ooredoo and its Subsidiaries

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to Ooredoo and its Subsidiaries in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Ooredoo or Ooredoo's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Ooredoo routinely hedge their credit exposure to Ooredoo consistent with their customary risk management

policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

FINANCIAL INFORMATION

Interim condensed consolidated financial statements of Ooredoo for the nine months ended 30 September 2013[1]	F-2
Auditor's report in respect of the interim condensed consolidated financial statements of Ooredoo for the nine months ended 30 September 2013[1]	F-4
Consolidated financial statements of Ooredoo for the year ended 31 December 2012	F-35
Auditor's report in respect of the consolidated financial statements of Ooredoo for the year ended 31 December 2012	F-37
Consolidated financial statements of Ooredoo for the year ended 31 December 2011	F-131
Auditor's report in respect of the consolidated financial statements of Ooredoo for the year ended 31 December 2011	F-133

Note:

(1) With respect to the unaudited condensed consolidated interim financial statements as of and for the nine month period ended 30 September 2013 (with the nine month period ended 30 September 2012 as the comparative period) included herein, KPMG Qatar, independent auditors, have reported that they applied limited procedures in accordance with the professional standards for a review of such information. However, the separate report included herein, states that they did not audit and they do not express an opinion on the condensed consolidated interim financial statements. Accordingly, the degree of reliance on their report on such condensed consolidated interim financial statements should be restricted in light of the limited nature of the review procedures applied.

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2013

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for nine months ended 30 September 2013

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Independent auditors' report on review of condensed consolidated interim financial statements to the Board of Directors of Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C.)

Introduction

We have reviewed the accompanying 30 September 2013 condensed consolidated interim financial statements of Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C.) ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the condensed consolidated income statement for the nine month period ended 30 September 2013;
- the condensed consolidated statement of comprehensive income for the nine month period ended 30 September 2013;
- the condensed consolidated statement of financial position as at 30 September 2013;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2013;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2013; and
- notes to the condensed consolidated interim financial statements

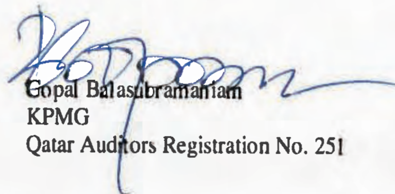
The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2013 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'



30 October 2013
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

KPMG, is a registered firm under Qatar law, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2013

	Note	*For the three months ended 30 September*		*For the nine months ended 30 September*	
		2013	*2012 (Reviewed) (Restated)*	***2013***	*2012 (Reviewed) (Restated)*
		QR'000	*QR'000*	***QR'000***	*QR'000*
Continuing operations					
Revenue		**8,509,574**	8,629,023	**25,651,587**	25,006,155
Operating expenses		**(2,825,408)**	(2,850,819)	**(8,376,308)**	(7,765,130)
Selling, general and administrative expenses		**(2,080,066)**	(1,929,846)	**(6,046,692)**	(5,607,028)
Depreciation and amortisation		**(1,925,752)**	(2,024,728)	**(5,819,150)**	(5,590,859)
Finance costs – net		**(506,398)**	(434,759)	**(1,497,707)**	(1,439,110)
Impairment of financial assets		**-**	(248,505)	**(39,913)**	(250,598)
Other (expense) / income – net	5	**(645,839)**	350,951	**(566,005)**	203,574
Share of results of associates – net of tax	10	**26,932**	18,570	**64,737**	31,077
Royalties and fees	6	**(82,094)**	(82,997)	**(257,126)**	(257,832)
Profit before income taxes		**470,949**	1,426,890	**3,113,423**	4,330,249
Income tax	12	**(70,923)**	(204,186)	**(447,820)**	(719,958)
Profit from continuing operations		**400,026**	1,222,704	**2,665,603**	3,610,291
Discontinued operation					
Profit / (loss) from discontinued operation – net of tax	21	**-**	(7,366)	**389**	(20,897)
Profit for the period		**400,026**	1,215,338	**2,665,992**	3,589,394
Attributable to:					
Shareholders of the parent		**337,263**	803,589	**2,068,655**	2,155,707
Non-controlling interests		**62,763**	411,749	**597,337**	1,433,687
		400,026	1,215,338	**2,665,992**	3,589,394
Basic and diluted earnings per share (Attributable to shareholders of the parent) (Expressed in QR per share)	7	**1.05**	2.51	**6.46**	7.43

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

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 September 2013

		For the three months ended 30 September		*For the nine months ended 30 September*	
		2013	*2012 (Reviewed) (Restated)*	***2013***	*2012 (Reviewed) (Restated)*
	Note	***QR'000***	*QR'000*	***QR'000***	*QR'000*
Profit for the period		**400,026**	1,215,338	**2,665,992**	3,589,394
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Net changes in fair value of available-for-sale investments	15	**27,581**	137,993	**88,508**	85,648
Effective portion of changes in fair value of cash flow hedges	15	**(977)**	149,766	**761**	326,589
Share of other comprehensive income of associates	15	**(2,176)**	-	**3,564**	1,443
Foreign currency translation differences	15	**(1,560,045)**	(147,480)	**(2,658,468)**	(1,377,294)
Other comprehensive (expense) / income – net of tax		**(1,535,617)**	140,279	**(2,565,635)**	(963,614)
Total comprehensive income for the period		**(1,135,591)**	1,355,617	**100,357**	2,625,780
Attributable to:					
Shareholders of the parent		**(754,449)**	961,677	**60,536**	1,698,776
Non-controlling interests		**(381,142)**	393,940	**39,821**	927,004
		(1,135,591)	1,355,617	**100,357**	2,625,780

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

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2013

	Note	*30 September 2013 (Reviewed)* *QR'000*	*31 December 2012 (Audited) (Restated)* *QR'000*
ASSETS			
Non-current assets			
Property, plant and equipment	8	**31,523,440**	32,436,114
Intangible assets and goodwill	9	**31,911,416**	34,746,171
Investment property		**61,687**	66,459
Investment in associates	10	**1,721,875**	1,873,384
Available-for-sale investments		**2,613,042**	2,633,650
Other non-current assets		**881,005**	908,160
Deferred tax assets		**62,322**	74,581
Total non-current assets		**68,774,787**	72,738,519
Current assets			
Inventories		**312,427**	358,767
Trade and other receivables		**6,722,326**	6,095,508
Bank balances and cash		**16,336,014**	15,006,026
Assets held for distribution		**-**	6,504
Total current assets		**23,370,767**	21,466,805
TOTAL ASSETS		**92,145,554**	94,205,324
EQUITY			
Share capital		**3,203,200**	3,203,200
Legal reserve		**12,434,282**	12,434,282
Fair value reserve		**1,180,331**	1,084,494
Employment benefit reserve		**(110,958)**	(110,958)
Translation reserve		**(1,346,860)**	757,096
Other statutory reserves		**825,245**	825,245
Retained earnings		**8,404,585**	9,531,374
Equity attributable to shareholders of the parent		**24,589,825**	27,724,733
Non-controlling interests		**7,294,549**	9,006,903
Total equity		**31,884,374**	36,731,636

Continued…………

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

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 September 2013

	Note	***30 September 2013 (Reviewed)***	*31 December 2012 (Audited) (Restated)*
		QR'000	*QR'000*
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	14	**33,251,975**	32,018,641
Employees benefits		**939,779**	928,385
Deferred tax liabilities		**924,823**	1,370,136
Other non-current liabilities		**2,261,544**	2,676,470
Total non-current liabilities		**37,378,121**	36,993,632
Current liabilities			
Interest bearing loans and borrowings	14	**8,065,589**	7,307,914
Trade and other payables		**12,569,199**	10,971,994
Deferred income		**1,774,735**	1,658,471
Income tax payable		**473,536**	505,019
Liabilities held for distribution		**-**	36,658
Total current liabilities		**22,883,059**	20,480,056
Total liabilities		**60,261,180**	57,473,688
TOTAL EQUITY AND LIABILITIES		**92,145,554**	94,205,324

Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman

Ali Shareef Al-Emadi
Deputy Chairman

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

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended 30 September 2013

	Note	*For the nine months ended 30 September* *2013*	*2012 (Reviewed) (Restated)*
		QR'000	*QR'000*
OPERATING ACTIVITIES			
Profit before income taxes		**3,113,423**	4,330,249
Profit / (loss) from discontinued operation	21	**389**	(20,897)
Adjustments for:			
Depreciation and amortization		**5,819,196**	5,606,414
Dividend income		**(39,119)**	(71,001)
Impairment of financial assets		**39,913**	250,598
(Gain) / loss on disposal of available-for-sale investments		**(83,379)**	1,257
Gain on disposal of property, plant and equipment		**(68,188)**	(909,507)
Loss on sale of a subsidiary	21	**1,071**	-
Finance costs – net		**1,497,910**	1,440,704
Provision for employees' benefits		**243,463**	182,455
Provision for trade receivables		**175,888**	162,309
Share of results of associates – net of tax		**(64,737)**	(31,077)
Operating profit before working capital changes		**10,635,830**	10,941,504
Working capital changes:			
Changes in inventories		**46,340**	(29,108)
Changes in trade and other receivables		**(802,706)**	508,194
Changes in trade and other payables		**1,567,003**	(814,211)
Cash from operations		**11,446,467**	10,606,379
Finance costs paid		**(1,537,016)**	(1,760,192)
Employees' benefits paid		**(112,798)**	(137,266)
Income tax paid		**(727,430)**	(688,037)
Net cash from operating activities		**9,069,223**	8,020,884
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	8	**(6,164,751)**	(4,229,183)
Acquisition of intangible assets	9	**(152,571)**	(584,653)
Net cash outflows from acquisition of a subsidiary	4.3	**-**	(111,932)
Additional investment in associates		**-**	(380)
Acquisition of available-for-sale investments		**(18,979)**	(115,830)
Proceeds from disposal of property, plant and equipment		**173,408**	1,174,830
Proceeds from disposal of available-for-sale investments		**149,449**	129,224
Proceeds from disposal of a subsidiary (discontinued operation)	21	**510**	-
Movement in restricted deposits		**(78,370)**	(3,364)
Movement in other non-current assets		**(9,548)**	(165,551)
Dividend received from an associate		**26,372**	-
Dividend received		**39,119**	71,001
Interest received		**218,174**	423,254
Net cash used in investing activities		**(5,817,187)**	(3,412,584)

Continued.............

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the nine months ended 30 September 2013

	Note	*For the nine months ended 30 September* **2013** *QR'000*	*2012 (Reviewed) (Restated) QR'000*
FINANCING ACTIVITIES			
Proceeds from rights shares issued		**-**	6,855,345
Proceeds from interest bearing loans and borrowings		**10,070,509**	3,393,510
Repayment of interest bearing loans and borrowings		**(7,155,720)**	(15,621,977)
Acquisition of non-controlling interest		**(2,185,257)**	(3,707,575)
Additions to deferred financing costs		**(131,361)**	(53,857)
Dividend paid to shareholders of the parent		**(1,601,600)**	(528,000)
Dividend paid to non-controlling interests		**(1,160,762)**	(738,335)
Movement in other non-current liabilities		**(414,926)**	636,803
Net cash used in financing activities		**(2,579,117)**	(9,764,086)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**672,919**	(5,155,786)
Effect of exchange rate fluctuations		**573,856**	285,706
Cash and cash equivalents at 1 January		**14,801,082**	21,050,888
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	11	**16,047,857**	16,180,808

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

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2013

		Attributable to shareholders of the parent									
	Note	***Share Capital***	***Legal reserve***	***Fair value reserve***	***Employee benefit reserve***	***Translation reserve***	***Other statutory reserves***	***Retained earnings***	***Total***	***Non – controlling interests***	***Total equity***
		QR'000	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***
At 1 January 2013		3,203,200	12,434,282	1,084,494	-	757,096	825,245	9,585,735	27,890,052	8,999,618	36,889,670
Impact of revision in IAS 19	22	-	-	-	(110,958)	-	-	10,756	(100,202)	(57,832)	(158,034)
Acquisition of non-controlling interest	22	-	-	-	-	-	-	(65,117)	(65,117)	65,117	-
At 1 January 2013 as restated		3,203,200	12,434,282	1,084,494	(110,958)	757,096	825,245	9,531,374	27,724,733	9,006,903	36,731,636
Profit for the period		-	-	-	-	-	-	2,068,655	2,068,655	597,337	2,665,992
Other comprehensive income		-	-	95,837	-	(2,103,956)	-	-	(2,008,119)	(557,516)	(2,565,635)
Total comprehensive income for the period		-	-	95,837	-	(2,103,956)	-	2,068,655	60,536	39,821	100,357
Transactions with shareholders of the Parent, recognised directly in equity											
Dividend paid	13	-	-	-	-	-	-	(1,601,600)	(1,601,600)	-	(1,601,600)
Transactions with non-controlling interest, recognised directly in equity											
Acquisition of non-controlling interests	4.1	-	-	-	-	-	-	(1,590,459)	(1,590,459)	(592,669)	(2,183,128)
Acquisition of non-controlling interests		-	-	-	-	-	-	(3,385)	(3,385)	1,256	(2,129)
Dividend paid		-	-	-	-	-	-	-	-	(1,160,762)	(1,160,762)
At 30 September 2013 (Reviewed)		**3,203,200**	**12,434,282**	**1,180,331**	**(110,958)**	**(1,346,860)**	**825,245**	**8,404,585**	**24,589,825**	**7,294,549**	**31,884,374**

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

OOREDOO Q.S.C.
(FORMERLY KNOWN AS QATAR TELECOM (QTEL) Q.S.C.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2013

	Notes	Attributable to shareholders of the parent									
		Share capital	Legal reserve	Fair value reserve	Employee benefit reserve	Translation reserve	Other statutory reserves	Retained earnings	Total	Non – controlling interests	Total Equity
		QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At 1 January 2012		1,760,000	6,494,137	672,843	-	1,586,124	706,036	9,836,707	21,055,847	18,336,947	39,392,794
Impact of change in IAS 19		-	-	-	(52,359)	-	-	7,903	(44,456)	(25,772)	(70,228)
At 1 January 2012 as restated		1,760,000	6,494,137	672,843	(52,359)	1,586,124	706,036	9,844,610	21,011,391	18,311,175	39,322,566
Profit for the period		-	-	-	-	-	-	2,155,707	2,155,707	1,433,687	3,589,394
Other comprehensive income		-	-	380,850	-	(837,781)	-	-	(456,931)	(506,683)	(963,614)
Total comprehensive income for the period		-	-	380,850	-	(837,781)	-	2,155,707	1,698,776	927,004	2,625,780
Transactions with shareholders of the Parent, recognised directly in equity											
Dividends for 2011	13	-	-	-	-	-	-	(528,000)	(528,000)	-	(528,000)
Rights shares issued		915,200	5,941,415	-	-	-	-	-	6,856,615	-	6,856,615
Bonus shares issued	13	528,000	-	-	-	-	-	(528,000)	-	-	-
Transactions with non-controlling interest, recognised directly in equity											
Recognition of non-controlling interests		-	-	-	-	-	-	-	-	3,046	3,046
Acquisition of non-controlling interests	4.3	-	-	-	-	-	-	(2,614)	(2,614)	2,614	-
Acquisition of non-controlling interests	4.2.1	-	-	-	-	-	-	(118,755)	(118,755)	118,755	-
Acquisition of non-controlling interests	4.2.2	-	-	-	-	-	-	(2,623,679)	(2,623,679)	(1,077,706)	(3,701,385)
Acquisition of non-controlling interests	4.2.3	-	-	-	-	-	-	(4,981)	(4,981)	(1,209)	(6,190)
Dividend paid		-	-	-	-	-	-	-	-	(738,335)	(738,335)
Other movements		-	-	-	-	-	-	-	-	(21,932)	(21,932)
At 30 September 2012 (Restated)		3,203,200	12,435,552	1,053,693	(52,359)	748,343	706,036	8,194,288	26,288,753	17,523,412	43,812,165

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

1 REPORTING ENTITY

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

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

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

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

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

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the nine months ended 30 September 2013 have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34").

The condensed consolidated interim financial statements of the Group for the nine months ended 30 September 2013 were authorised for issue by the Chairman and the Deputy Chairman of the Company on 30 October 2013.

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

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. In addition, results for the nine months ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

Risk management, judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2012.

Group's financial risk management objectives and policies are consistent with those disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except as noted below.

During the period, the Group has adopted the following standards and amendments effective for the annual period beginning on 1 January 2013. The standards and amendments do not have any material impact to the Group.

- IAS 1 – Presentation of items of other comprehensive income (amendment)
- IAS 28 (2011) – Investment in Associates and Joint ventures
- IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011) (amendment)
- IAS 34 – interim financial reporting and segment information for total assets and liabilities (amendment)
- IFRS 10 – Consolidated financial statements and IAS 27 Separate Financial Statements (2011)
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of interests in other entities

During the period, the Group has adopted the following standard and amendment effective for the annual period beginning on 1 January 2013 which has material impact to the Group including extensive additional disclosures:

IAS 19 – Employee benefits (2011) (amendment)
The Group has retrospectively adopted IAS 19 (2011) with effect from 1 January 2013, the adoption requires all remeasurements to be recognised directly in other comprehensive income. Previously, the Group used to recognise actuarial gains and losses on a deferred basis under the corridor method on their defined benefit plans. Due to this change, the Group has restated its previously reported numbers wherever applicable (please refer note 22).

IFRS 13 Fair Value Measurement
The Group has prospectively adopted IFRS 13 with effect from 1 January 2013, it establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group, however, requires specific disclosures on fair values which has been disclosed by the Group in note 20.

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS

4.1 Acquisition of non-controlling interests up to 30 September 2013

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

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

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

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

4.2 Acquisition of non-controlling interests up to 30 September 2012

4.2.1 Acquisition of non-controlling interest of Public Telecommunication Company Limited ("PTC")
In March 2012, the Group acquired the remaining 44.39% stake in Public Telecommunication Company Limited ("PTC") for a nominal consideration of QR 1 thereby increasing its ownership from 55.61% to 100%. The carrying amount of PTC's net assets on the date of acquisition was QR 226,200 thousands. The Group recognized an increase in non-controlling interests and a decrease in retained earnings of QR 118,755 thousands respectively, on account of this acquisition.

4.2.2 Acquisition of non-controlling interest of Raywood, Al-Rowad General Services Limited and Asiacell
In June 2012, the Group acquired remaining shares in Raywood and as a result, Raywood has become a 100% subsidiary. Further, the Group acquired additional interest in Asiacell through its subsidiary, Al-Rowad General Services Limited, with this, the Group's effective interest in Asiacell has increased from 30% to 53.9%. The carrying amount of Asiacell's share of net assets in the Group's financial statements on the date of change in ownership interest was QR 1,077,706 thousands. The Group recognised a decrease in non-controlling interest amounting to QR 1,077,706 thousands and a decrease in retained earnings amounting to QR 2,623,679 thousands.

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

	QR'000
Consideration paid for additional 23.9% interest	3,925,118
Less: Receivable from acquired additional interest	(223,733)
Net cash out flow for additional 23.9% interest	3,701,385
Less: Share of net assets acquired	(1,077,706)
Consideration paid in excess of additional interest in carrying value of net assets	**2,623,679**

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS CONTINUED)

4.2.3 Acquisition of non-controlling interests of Starlink W.L.L.

In July 2012, the Group acquired additional shares in Starlink Company W.L.L, with this, the Group's effective interest has increased from 60% to 72.5%. The carrying amount of Starlink's net assets in the Group's financial statements on the date of change in ownership interest was QR 9,670 thousands. As a result of this change in ownership interest, the Group recognised a decrease in non-controlling interest amounting to QR 1,209 thousands and a decrease in retained earnings amounting to QR 4,981 thousands.

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

	QR'000
Consideration paid for additional 12.5% interest	6,190
Less: share of net assets acquired	(1,209)
Consideration paid in excess of additional interest in carrying value of net assets	**4,981**

4.3 Acquisition of a subsidiary up to 30 September 2012

On 1st January 2012, the Group acquired through Raywood Inc., 49% of the voting shares of Midya Telecom Company Limited ("MTCL"), a limited liability company incorporated in Iraq with the license to provide telecommunication services. The acquisition was accounted for using the purchase method of accounting.

The cost of business combination amounted to QR 121,335 thousands with a resultant goodwill of QR 114,635 thousands. The net cash out flow on acquisition, net of cash acquired with the subsidiary of QR 9,403 thousands, amounted to QR 111,932 thousands.

The Group has the power to govern the financial and operating policies of MTCL by virtue of the shareholders agreement entered into between Raywood Inc., M-Tel for General Trading Limited and MTCL to appoint a majority of (4 out of 7) of Board of Directors through Raywood Inc. and accordingly MTCL is considered as a subsidiary of the Group.

In June 2012, Raywood became the 100% subsidiary of the Group. As a result of this change in ownership interest, the Group has recognised a decrease of QR 2,614 thousands in retained earnings. The consideration paid and effects of change in ownership interest were as follows:

	QR'000
Consideration paid for additional 19% interest	47,048
Less: payable to non-controlling interest at Raywood	(47,048)
Net cash out flow for additional 19% interest	-
Less: share of net assets acquired	(2,614)
Consideration paid in excess of additional interest in carrying value of net assets	**2,614**

5 OTHER (EXPENSE) / INCOME - NET

	Note	*For the three months ended 30 September*		*For the nine months ended 30 September*	
		2013	*2012 (Reviewed) (Restated)*	***2013***	*2012 (Reviewed) (Restated)*
		QR'000	*QR'000*	***QR'000***	*QR'000*
Foreign currency losses – net		**(750,919)**	(18,433)	**(914,274)**	(332,159)
Profit on disposal of assets		**15,485**	441,257	**68,188**	501,507
Dividend income		**10,631**	-	**39,119**	71,001
Rental income		**4,684**	4,205	**14,242**	12,655
(Loss) / profit on disposal of available-for-sale investments		**(174)**	(410)	**83,379**	(1,257)
Change in fair value of derivatives – net		**56,435**	2,593	**58,453**	(13,087)
Miscellaneous income / (expense)		**18,019**	(78,261)	**84,888**	(35,086)
		(645,839)	350,951	**(566,005)**	203,574

6 ROYALTIES AND FEES

	Note	*For the three months ended 30 September*		*For the nine months ended 30 September*	
		2013	*2012 (Reviewed)*	***2013***	*2012 (Reviewed)*
		QR'000	*QR'000*	***QR'000***	*QR'000*
Royalty	(i)	**33,061**	33,473	**96,329**	92,087
Industry fees	(ii)	**41,533**	46,042	**130,850**	140,722
Other statutory fees	(iii)	**7,500**	3,482	**29,947**	25,023
		82,094	82,997	**257,126**	257,832

i. In accordance with the terms of a license granted to Omani Qatari Telecommunications Company S.A.O.G. to operate wireless telecommunication services in the Sultanate of Oman, royalty is payable to the Government of the Sultanate of Oman, effective from March 2005. The royalty payable is calculated based on 7% of the net of predefined sources of revenue and operating expenses.

ii. In accordance with the Minister of Economy and Finance of the State of Qatar Decree in 2010, effective from 7 October 2007, the Group provides for a 12.5% industry fee on profits generated from the Group's operations in Qatar.

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

7 BASIC AND DILUTED EARNINGS PER SHARE

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

	For the three months ended 30 September		*For the nine months ended 30 September*	
	2013	*2012 (Reviewed) (Restated)*	***2013***	*2012 (Reviewed) (Restated)*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Profit for the period attributable to shareholders of the parent (QR'000)	**337,263**	803,589	**2,068,655**	2,155,707
Weighted average number of shares (in thousands)	**320,320**	320,320	**320,320**	290,259
Basic and diluted earnings per share (QR)	**1.05**	2.51	**6.46**	7.43

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

	2013	2012	2013	2012
Qualifying shares at 1 January	**320,320**	176,000	**320,320**	176,000
Effect of bonus share issue	**-**	52,800	**-**	52,800
Effect of right share issue	**-**	91,520	**-**	61,459
Weighted average number of shares	**320,320**	320,320	**320,320**	290,259

8 PROPERTY, PLANT AND EQUIPMENT

	30 September 2013 (Reviewed)	*31 December 2012 (Audited) (Restated)*
	QR'000	*QR'000*
Net book value at beginning of the period/year	**32,436,114**	32,993,274
Acquisition of a subsidiary	**-**	111,998
Additions	**6,164,751**	7,315,716
Disposals	**(105,153)**	(751,639)
Reclassification	**20,384**	17,753
Depreciation for the period/year	**(4,569,232)**	(5,981,408)
Impairment losses	**-**	(102,144)
Related to discontinued operation	**-**	(513)
Exchange adjustment	**(2,423,424)**	(1,166,923)
Carrying value at the end of the period/year	**31,523,440**	32,436,114

9 INTANGIBLE ASSETS AND GOODWILL

	30 September 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Net book value at beginning of the period/year	**34,746,171**	36,741,077
Acquisition of a subsidiary	**-**	133,864
Additions	**152,571**	941,395
Disposals	**(67)**	(393)
Reclassification	**(20,384)**	(17,753)
Amortisation for the period/year	**(1,245,146)**	(1,797,462)
Impairment losses	**-**	(282,976)
Exchange adjustment	**(1,721,729)**	(971,581)
Carrying value at the end of the period/year	**31,911,416**	34,746,171

10 INVESTMENT IN ASSOCIATES

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

	30 September 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Group's share of associates' statement of financial position:		
Current assets	**833,417**	920,834
Non-current assets	**2,408,404**	2,495,777
Current liabilities	**(912,152)**	(905,549)
Non-current liabilities	**(1,887,081)**	(1,970,060)
Net assets	**442,588**	541,002
Goodwill	**1,279,287**	1,332,382
Carrying amount of the investment	**1,721,875**	1,873,384

	For the three months ended 30 September		*For the nine months ended 30 September*	
	2013	*2012 (Reviewed)*	***2013***	*2012 (Reviewed)*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Group's share of associates' revenue and results:				
Revenues	**444,572**	444,332	**1,349,759**	1,331,257
Results – net of tax	**26,932**	18,570	**64,737**	31,077

11 CASH AND CASH EQUIVALENTS

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

	30 September 2013 (Reviewed) QR'000	*30 September 2012 (Reviewed) QR'000*
Bank balances and cash	**16,336,014**	16,383,116
Less: restricted deposits	**(288,157)**	(202,308)
Cash and cash equivalents	**16,047,857**	16,180,808

12 INCOME TAX

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

	For the three months ended 30 September		***For the nine months ended 30 September***	
	2013	*2012 (Reviewed)*	***2013***	*2012 (Reviewed)*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Current income tax				
Current income tax charge	**255,087**	198,394	**695,947**	654,404
Deferred income tax				
Relating to origination and reversal of temporary differences	**(184,164)**	5,792	**(248,127)**	65,554
Income tax included in condensed consolidated income statement	**70,923**	204,186	**447,820**	719,958

13 DIVIDEND AND BONUS SHARES

Dividend:

	For the nine months ended 30 September	
	2013	*2012 (Reviewed)*
	QR'000	*QR'000*
Declared and approved at the Annual General Meeting :		
Final dividend for 2012- QR 5 per share (2011: QR 3 per share)	**1,601,600**	528,000

Bonus shares:
During 2012, the Group issued bonus shares of 30% of the share capital as at 31 December 2011 amounting to QR 528,000 thousands.

14 INTEREST BEARING LOANS AND BORROWINGS

	30 September 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Interest bearing loans and borrowings	**41,778,719**	39,765,230
Less: deferred financing costs	**(461,155)**	(438,675)
	41,317,564	39,326,555

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

Non-current portion	**33,251,975**	32,018,641
Current portion	**8,065,589**	7,307,914
	41,317,564	39,326,555

The details of significant loans availed during the period are as follows:

In January 2013, the Group issued a further QR 3.64 billion (USD 1 billion) under its GMTN programme established in December 2012 which is listed on the Irish Stock Exchange. The notes were issued in 2 tranches of QR 1,821 million each (USD 500 million), 15 year notes maturing in 2028 and QR1,821 million (USD 500 million), 30 year notes maturing in 2043 at an interest rate of 3.875% and 4.5% respectively.

In April 2013, one of the Group's subsidiaries, NMTC entered into a new three year revolver credit facility for QR 855 million (USD 235 million) of which QR 799 million (USD 219 million) was drawn down to cover working capital requirements. The facility carries interest of Central Bank of Kuwait rate plus 1% and has tenure of 3 years.

In April 2013, the Group availed a new revolving credit facility of QR 3.64 billion (USD 1 billion) from a club of banks. The facility was fully drawn in May 2013 for the repayment of previous loan of QR 4.55 billion (USD 1.25 billion) due in May 2013. The new facility shall be repaid after 4 years with an interest rate of 0.85% margin plus USD LIBOR.

15 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the three months ended 30 September		*For the nine months ended 30 September*	
	2013	*2012 (Reviewed)*	***2013***	*2012 (Reviewed)*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Available-for-sale investments				
Gain arising during the period	**27,407**	137,583	**168,677**	82,298
Reclassification adjustments included in the consolidated income statement	**174**	410	**(83,379)**	1,257
Transfer to consolidated income statement on impairment	**-**	-	**3,210**	2,093
	27,581	137,993	**88,508**	85,648
Cash flow hedges				
Gain arising during the period	**(1,110)**	149,785	**865**	326,686
Deferred tax effect	**133**	-	**(104)**	(379)
Ineffective portion of cash flow hedges transferred to consolidated income statement	**-**	(19)	**-**	282
	(977)	149,766	**761**	326,589
Associates				
Share of changes in fair value of cash flow hedges	**(2,176)**	-	**3,564**	1,443
Translation reserve				
Foreign exchange translation differences	**(1,560,045)**	(147,480)	**(2,658,468)**	(1,377,294)
Other comprehensive expense for the period – net of tax	**(1,535,617)**	140,279	**(2,565,635)**	(963,614)

16 COMMITMENTS

Capital expenditure commitments	***30 September 2013 (Reviewed) QR'000***	*31 December 2012 (Audited) QR'000*
Property, plant and equipment		
Estimated capital expenditure contracted for at reporting date but not provided for:	**4,407,677**	4,027,236
Intangible assets		
For the acquisition of Palestine mobile license	**581,377**	581,383
Operating lease commitments		
Future minimum lease payments		
Not later than one year	**193,613**	175,771
Later than one year and not later than five years	**497,893**	511,778
Later than five years	**187,902**	222,572
Total operating lease expenditure contracted for at the reporting date	**879,408**	910,121
Finance lease commitments		
Amounts under finance leases		
Minimum lease payments		
Not later than one year	**247,868**	252,976
Later than one year and not later than five years	**951,857**	953,073
Later than five years	**671,741**	835,920
	1,871,466	2,041,969
Less: unearned finance income	**(615,115)**	(736,298)
Present value of minimum lease payments	**1,256,351**	1,305,671
Present value of minimum lease payments		
Current portion	**117,387**	110,322
Non-current portion	**1,138,964**	1,195,349
	1,256,351	1,305,671

17 CONTINGENT LIABILITIES

	30 September 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Letters of guarantee	**312,012**	308,557
Letters of credit	**135,248**	113,911
Claims against the Group not acknowledged as debts	**1,064**	2,675

Litigations

Proceedings against Indosat MegaMedia relating to misuse of radio frequencies
In early 2012, the Attorney General's Office in Jakarta (the "AGO") initiated corruption proceedings against Indosat MegaMedia ("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. These proceedings were initiated pursuant to a report from the Indonesian Telecommunication Consumer NGO, which alleged that IM2 had avoided paying certain taxes by unlawfully using Indosat's 3G spectrum which Indosat had acquired through a tender process in 2006.

On 8 July 2013, the Indonesia Corruption Court imposed a fine of QR 477 million (USD 131 million) against IM2 in a related case against the former President Director of IM2. Both the former President Director of IM2 and the AGO have lodged appeals to the High Court. The decisions and fines of the Corruption Court are suspended pending appeal. The AGO is currently investigating related cases against IM2, Indosat and its former CEO, and the AGO may transfer the proceedings to the Corruption Court.

Indosat, its former CEO, IM2 and its former President Director have each denied any wrongdoing, and are vigorously defending the cases and fines on the basis that IM2 was lawfully using Indosat's telecommunication network, rather than its radio frequency band, as alleged. Under a commercial agreement, Indosat gave IM2 access to its cellular network which uses the 2.1 GHz frequency band. IM2 holds a license to provide internet services to the public. In Indonesia licensed network operators are required by law to give access to service providers such as ISPs. The Ministry of Communication and Information Technology has issued formal letters to Indosat and to the AGO stating that the agreement between Indosat and IM2 conforms with prevailing law and regulations.

The Group views the allegations as being without merit. Accordingly, no liability or provision is made in these condensed consolidated interim financial statements in relation with this matter.

Tax demand notices against Asiacell
In April 2012, one of the Group's subsidiaries, Asiacell Communication PJSC ("ACL") was issued a tax demand notice amounting to QR 245 million (equivalent to US$ 67.3 million). Further, in May 2012, the General Commission for taxes also issued a tax demand notice to ACL for employees' income tax amounting to QR 53.5 million (equivalent USD 14.7 million).

ACL management is of the view that the Company has strong grounds to challenge the tax claims under objection and believes that amount provided so far in the books is sufficient.

18 RELATED PARTY DISCLOSURES

Related party transactions and balances

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

Transactions with directors and other key management personnel

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

The compensation and benefits related to Board of Directors and key management personnel amounted to QR 40,732 thousands for the three months ended 30 September 2013 (for the three months ended 30 September 2012: QR 36,955 thousands) and QR 141,513 thousands for the nine months ended 30 September 2013 (for the nine months ended 30 September 2012: QR 117,699 thousands) and end of service benefits amounted to QR 4,105 thousands for the three months ended 30 September 2013 (for the three months ended 30 September 2012: QR 8,396 thousands) and QR 16,925 thousands for the nine months ended 30 September 2013 (For the nine months ended 30 September 2012: QR 18,419 thousands). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administrative expenses".

19 SEGMENT INFORMATION

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

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the MENA. Outside of Qatar, the Group operates through its subsidiaries and associates in 16 countries 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 (formerly "Qtel")* is a provider of domestic and international telecommunication services within the State of Qatar;

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

3. *Wataniya* is a provider of mobile telephone and pager systems and services in Kuwait and elsewhere in the Middle East and North African (MENA) region;

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

5. *Nawras* is a provider of mobile telecommunication services in Oman and has been awarded a license to operate fixed telecommunication services; and

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

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

19 SEGMENT INFORMATION (CONTINUED)

Operating segments
The following tables present revenue and profit information regarding the Group's operating segments for the period ended 30 September 2013 and 2012:

For the three months ended 30 September 2013 (Reviewed)

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*		*Total QR'000*
Revenue									
Third party	1,630,697	1,803,187	2,341,205	2,071,591	498,810	164,084	-		8,509,574
Inter-segment	15,117	4,162	17,693	12,020	2,027	30,584	(81,603)	(i)	-
Total revenue	1,645,814	1,807,349	2,358,898	2,083,611	500,837	194,668	(81,603)		8,509,574
Results									
Segment profit before tax	308,912	621,711	416,401	(671,118)	100,347	(178,588)	(126,716)	(ii)	470,949
Depreciation and amortisation	176,040	270,698	417,343	822,728	94,146	18,081	126,716	(iii)	1,925,752
Finance costs (net)	280,361	8,063	19,392	194,952	5,679	(2,049)	-		506,398

19 SEGMENT INFORMATION (CONTINUED)

For the three months ended 30 September 2012 (Reviewed)

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Revenue								
Third party	1,552,293	1,702,647	2,437,828	2,341,451	460,378	134,426	-	8,629,023
Inter-segment	23,546	10,476	40,078	7,291	1,837	28,554	(111,782) (i)	-
Total revenue	1,575,839	1,713,123	2,477,906	2,348,742	462,215	162,980	(111,782)	8,629,023
Results								
Segment profit before tax (Restated)	401,542	601,320	464,785	278,313	89,511	(187,055)	(221,526) (ii)	1,426,890
Depreciation and amortisation	170,958	239,426	402,911	934,197	74,376	30,253	172,607 (iii)	2,024,728
Finance costs (net)	215,907	10,856	14,915	190,630	3,175	(724)	-	434,759

19 SEGMENT INFORMATION (CONTINUED)

For the nine months ended 30 September2013 (Reviewed)

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*		*Total QR'000*
Revenue									
Third party	4,814,137	5,286,692	7,147,092	6,427,168	1,463,976	512,522	-		25,651,587
Inter-segment	46,186	22,779	74,163	31,367	6,055	88,554	(269,104)	(i)	-
Total revenue	4,860,323	5,309,471	7,221,255	6,458,535	1,470,031	601,076	(269,104)		25,651,587
Results									
Segment profit before tax	1,108,154	1,907,132	1,436,684	(718,626)	289,812	(490,348)	(419,385)	(ii)	3,113,423
Depreciation and amortisation	526,730	775,029	1,255,267	2,498,085	276,590	68,064	419,385	(iii)	5,819,150
Finance costs (net)	830,634	10,729	45,892	599,915	15,170	(4,633)	-		1,497,707

19 SEGMENT INFORMATION (CONTINUED)

For the nine months ended 30 September 2012 (Reviewed)

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Revenue								
Third party	4,570,485	5,002,698	7,210,098	6,423,534	1,395,468	403,872	-	25,006,155
Inter-segment	74,116	37,836	99,404	21,167	5,594	86,684	(324,801) (i)	-
Total revenue	4,644,601	5,040,534	7,309,502	6,444,701	1,401,062	490,556	(324,801)	25,006,155
Results								
Segment profit before tax (Restated)	1,173,403	1,861,065	1,567,735	369,369	328,866	(403,303)	(566,886) (ii)	4,330,249
Depreciation and amortisation	506,972	696,457	1,212,294	2,338,526	224,955	93,688	517,967 (iii)	5,590,859
Finance costs (net)	711,865	45,850	42,169	627,078	9,711	2,437	-	1,439,110

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

19 SEGMENT INFORMATION (CONTINUED)

Notes (continued):

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

	For the three months ended 30 September		*For the nine months ended 30 September*	
	2013	*2012*	***2013***	*2012*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Amortization of intangibles	**(126,716)**	(172,607)	**(419,385)**	(517,967)
Impairment of intangibles	**-**	(48,919)	**-**	(48,919)
	(126,716)	(221,526)	**(419,385)**	(566,886)

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

The following table presents segment assets of the Group's operating segments as at 30 September 2013 and 31 December 2012.

	Ooredoo Qatar QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Segment assets (i)								
At 30 September 2013 (Reviewed)	**19,142,418**	**8,330,495**	**27,401,164**	**19,217,766**	**2,981,806**	**3,710,224**	**11,361,681**	**92,145,554**
At 31 December 2012 (Restated)	18,192,813	8,432,088	25,917,717	23,278,311	2,924,356	3,127,418	12,332,621	94,205,324

Note:

(i) Goodwill amounting to QR 11,361,681 thousands (31 December 2012: QR 12,332,621 thousands) was not considered as part of segment assets as goodwill is managed on a group basis.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets

	30 September 2013 (Reviewed) QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Available-for-sale investments	**2,475,132**	**1,088,174**	**1,309,766**	**77,192**
Derivative financial instruments	**32,220**	**-**	**32,220**	**-**
	2,507,352	**1,088,174**	**1,341,986**	**77,192**

	31 December 2012 (Audited) QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Available-for-sale investments	2,487,224	1,180,177	1,237,923	69,124
Derivative financial instruments	26,397	-	26,397	-
	2,513,621	1,180,177	1,264,320	69,124

Financial liabilities

	30 September 2013 (Reviewed) QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Derivative financial instruments	**13,499**	-	**13,499**	**-**

	31 December 2012 (Audited) QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Derivative financial instruments	30,696	-	30,696	-

21 DISCONTINUED OPERATION

In December 2012, one of the Group's subsidiaries wi-tribe Limited - Jordan P.S.C. ceased its operations and accordingly this has been classified as a discontinued operation in accordance with IFRS 5. The consolidated income statements and statement of cash flow for the comparative period have been represented to disclose the discontinued operation separately from continuing operations.

	For the three months ended 30 September		*For the nine months ended 30 September*	
	2013	*2012 (Reviewed)*	***2013***	*2012 (Reviewed)*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Results of discontinued operations				
Revenue	**-**	4,474	**-**	13,903
Operating expenses	**-**	(2,612)	**855**	(7,425)
Selling, general and administrative expenses	**-**	(3,502)	**49**	(10,226)
Depreciation and amortization	**-**	(5,184)	**(46)**	(15,555)
Finance costs – net	**-**	(542)	**(203)**	(1,594)
Other income / (expense) – net	**-**	-	**805**	-
Results from operating activities	**-**	(7,366)	**1,460**	(20,897)
Loss on sale of a subsidiary	**-**	-	**(1,071)**	-
Profit / (loss) for the period	**-**	(7,366)	**389**	(20,897)

In May 2013, the Group has disposed one of its subsidiaries, wi-tribe Limited - Jordan P.S.C. for a net consideration of QR 510 thousands and derecognised net assets amounting to QR 1,581 thousands on the date of disposal. As a result, the Group has recognized a loss of QR 1,071 thousands on disposal of this subsidiary.

22 COMPARATIVE INFORMATION

(i) Restatement of comparative information

Restatement on account of tower deal transaction
In August 2012, one of the Group's subsidiaries PT Indosat TBK ("Indosat") completed an Asset Sale Agreement with PT Tower Bersama Infrastructure TBK ("Tower Bersama"), whereby Indosat sold 2,500 of its telecommunication towers and other related assets to Tower Bersama for a total consideration of QR 1,972,600 thousands (USD 541,700 thousands) and agreed to lease back 2,500 slots in each of the 2,500 telecommunication towers for 10 years. This transaction was provisionally accounted as an operating lease and as a result an overall gain of QR 840,300 thousands was recognised in the condensed consolidated interim financial statements for the period ended 30th September 2012.

In the fourth quarter of 2012, the management of Indosat completed the assessment of the terms and conditions of the agreement between Indosat and Tower Bersama, in light of the criteria given under "IAS 17: Leases" and concluded that the majority of the risks and rewards of ownership associated with the leased towers' slots has been retained by Indosat and accordingly the transaction was treated as a finance lease. As a result the gain on account of this transaction was finally recognised to the extent of QR 432,300 thousands. Accordingly the gain initially recognised on account of this transaction for the period ended 30 September 2012 has been restated to the extent of QR 408,000 thousands in order to reflect the correct position.

22 COMPARATIVE INFORMATION (CONTINUED)

(i) Restatement of comparative information (continued)

Restatement on account of revision to "IAS 19 - Employee Benefits"
The Group has adopted the amendments to "IAS 19 - Employee Benefits" from 1 January 2013 with retrospective effect. Previously, the Group used to recognise actuarial gains and losses on a deferred basis under the corridor method on their defined benefit plans (allowed under IAS 19 before amendments).

As a result of new amendment, previously deferred actuarial gains and losses pertaining to defined benefit plans of one of the Group's subsidiaries PT Indosat Tbk have been recognized through other comprehensive income. Accordingly, the previously reported numbers for 2012 have been restated as follows:

	Note	*As reported QR'000*	*Restatement impact QR'000*	*As restated QR'000*
Condensed consolidated interim financial statements				
Other non-current assets		936,991	(28,831)	908,160
Deferred tax assets		69,455	5,126	74,581
Employee benefit reserve	(a)	-	(110,958)	(110,958)
Retained earnings	(a)	9,585,735	10,756	9,596,491
Non-controlling interests	(a)	8,999,618	(57,832)	8,941,786
Employees benefits		746,503	181,882	928,385
Deferred tax liabilities		1,417,689	(47,553)	1,370,136

(a) These numbers have been retrospectively restated for all prior periods.

Restatement on account of reclassification of property, plant and equipment to investment property
During the period, the Group has reassessed usage of its head quarter building for both the years 2012 and 2013 since a portion of the building is being rented to an external party. In accordance with the criteria under IAS 40 "Investment property", the management has reclassified net book value amounting to QR 66,459 thousands from property, plant and equipment to investment property.

Accordingly, the previously reported numbers of property, plant and equipment for 2012 have been restated and reclassified to investment property. However, such reclassification does not result in any change in total non-current assets reported in 2012. The management has adopted the "cost model" under IAS 40 to account for its investment property and there is no change in accounting treatment and method of depreciation previously used while it was treated as property, plant and equipment with an exception to separate presentation in the financial statements.

Restatement on account of acquisition of non-controlling interest
In September 2013, net assets of Tunisia pertaining to December 2012 acquisition of 15% non-controlling interest in Tunisiana S.A was adjusted from QR 3,274,142 thousands to QR 2,840,027 thousands. As a result, the excess of cash consideration over carrying values of net assets acquired of QR 819,820 thousands ,originally charged to retained earnings, has been restated by adjusting retained earnings downwards and non-controlling interests upwards by QR 65,117 thousands in order to reflect the correct position at the time of acquisition of non-controlling interests in December 2012.

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

QATAR TELECOM (QTEL) Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2012

CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2012

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Independent auditors' report

To
The shareholders
Qatar Telecom (Qtel) Q.S.C.
Doha
State of Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Qatar Telecom (Qtel) Q.S.C. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

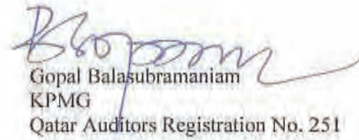
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG, is a registered firm under Qatar law, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Report on other legal requirements

We have obtained all the information and explanation which we considered necessary for the purpose of our audit. The Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. A physical count of inventory has been conducted in accordance with the established principles. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained thereon is consistent with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No 5 of 2002 or the terms of Company's Articles of Association having occurred during the year which might have had a material adverse effect on the business of the Company or its consolidated financial position as of 31 December 2012.



03 March 2013
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2012

	Note	***2012 QR'000***	*2011 QR'000*
Continuing operations			
Revenue	5	**33,714,211**	31,744,930
Operating expenses	6	**(10,508,714)**	(9,438,073)
Selling, general and administrative expenses	7	**(7,693,933)**	(7,454,363)
Depreciation and amortisation	8	**(7,702,195)**	(6,989,265)
Finance costs – net	9	**(1,920,958)**	(1,900,520)
Impairment of intangibles and available-for-sale investments	14(ii)	**(427,465)**	(221,516)
Gain on previously held interest in an acquired subsidiary	4.2	**-**	1,442,831
Other income / (expenses) – net	10	**525,668**	71,196
Share of results of associates – net of tax	15	**34,621**	(56,879)
Royalties and fees	11	**(327,850)**	(312,238)
Profit before income taxes		**5,693,385**	6,886,103
Income tax	18	**(975,547)**	(910,996)
Profit from continuing operations		**4,717,838**	5,975,107
Discontinued operation			
Loss from discontinued operation – net of tax	39	**(68,169)**	(31,913)
Profit for the year		**4,649,669**	5,943,194
Attributable to:			
Shareholders of the parent		**2,943,714**	2,605,550
Non-controlling interests		**1,705,955**	3,337,644
		4,649,669	5,943,194
Basic and diluted earnings per share	12	**9.88**	9.90
(Attributable to shareholders of the parent)			
(Expressed in QR per share)			

The attached notes 1 to 41 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	Note	*2012* *QR'000*	*2011* *QR'000*
Profit for the year		**4,649,669**	5,943,194
Other comprehensive income			
Net change in fair value of available-for-sale investments	24	**135,013**	285,169
Effective portion of changes in fair value of cash flow hedges	24	**326,528**	343,412
Share of other comprehensive income / (expense) of associates	24	**1,443**	(2,099)
Foreign currency translation differences	24	**(1,343,885)**	(415,069)
Other comprehensive (expense) / income for the year – net of tax		**(880,901)**	211,413
Total comprehensive income for the year		**3,768,768**	6,154,607
Attributable to:			
Shareholders of the parent		**2,526,337**	3,034,048
Non-controlling interests		**1,242,431**	3,120,559
		3,768,768	6,154,607

The attached notes 1 to 41 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Note	***2012 QR'000***	*2011 QR'000*
ASSETS			
Non-current assets			
Property, plant and equipment	13	**32,502,573**	33,065,098
Intangible assets and goodwill	14	**34,746,171**	36,741,077
Investment in associates	15	**1,873,384**	1,731,692
Available-for-sale investments	16	**2,633,650**	2,189,939
Other non-current assets	17	**936,991**	910,238
Deferred tax assets	18	**69,455**	286,776
Total non-current assets		**72,762,224**	74,924,820
Current assets			
Inventories	19	**358,767**	342,550
Trade and other receivables	20	**6,095,508**	5,817,075
Bank balances and cash	21	**15,006,026**	21,249,832
Assets held for distribution	39	**6,504**	-
Total current assets		**21,466,805**	27,409,457
TOTAL ASSETS		**94,229,029**	102,334,277
EQUITY			
Share capital	22	**3,203,200**	1,760,000
Legal reserve	23 (a)	**12,434,282**	6,494,137
Fair value reserve	23 (b)	**1,084,494**	672,843
Translation reserve	23 (c)	**757,096**	1,586,124
Other statutory reserves	23 (d)	**825,245**	706,036
Retained earnings		**9,585,735**	9,836,707
Equity attributable to shareholders of the parent		**27,890,052**	21,055,847
Non-controlling interests		**8,999,618**	18,336,947
Total equity		**36,889,670**	39,392,794

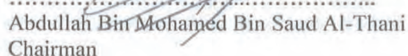
Continued…………

The attached notes 1 to 41 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2012

	Note	***2012*** ***QR'000***	*2011* *QR'000*
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	25	**32,018,641**	32,072,648
Employees benefits	26	**746,503**	801,162
Deferred tax liabilities	18	**1,417,689**	1,637,849
Other non-current liabilities	27	**2,676,470**	1,325,285
Total non-current liabilities		**36,859,303**	35,836,944
Current liabilities			
Interest bearing loans and borrowings	25	**7,307,914**	13,850,738
Trade and other payables	28	**10,971,994**	11,217,810
Deferred income		**1,658,471**	1,610,770
Income tax payable		**505,019**	425,221
Liabilities held for distribution	39	**36,658**	-
Total current liabilities		**20,480,056**	27,104,539
Total liabilities		**57,339,359**	62,941,483
TOTAL EQUITY AND LIABILITIES		**94,229,029**	102,334,277



Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman

Ali Shareef Al-Emadi
Deputy Chairman

The attached notes 1 to 41 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2012

	Note	*2012 QR'000*	*2011 QR'000*
OPERATING ACTIVITIES			
Net profit before income taxes		**5,693,385**	6,886,103
Net profit - discontinued operation		**(68,169)**	(31,913)
Adjustments for:			
Depreciation and amortization		**7,784,235**	7,014,704
Dividend income	10	**(84,141)**	(41,798)
Impairment of assets and available-for-sale investments		**427,465**	221,516
Loss / (profit) on disposal of available-for-sale investments	10	**2,068**	(1,568)
Profit on disposal of property, plant and equipment	10	**(468,399)**	(26,520)
Gain on previously held interest in an acquired subsidiary	4.2	**-**	(1,442,831)
Finance costs – net		**1,923,093**	1,902,315
Provision for employees' benefits	26	**117,011**	1,476
Provision for trade receivables	20	**213,088**	247,370
Share of results of associates – net of tax	15	**(34,621)**	56,879
Operating profit before working capital changes		**15,505,015**	14,785,733
Working capital changes:			
Change in inventories		**(5,705)**	(22,248)
Change in trade and other receivables		**(491,012)**	(1,116,431)
Change in trade and other payables		**139,576**	(2,529,477)
Cash from operations		**15,147,874**	11,117,577
Finance costs paid		**(2,379,098)**	(2,315,711)
Employees' benefits paid	26	**(139,100)**	(55,670)
Income tax paid		**(812,858)**	(836,044)
Net cash from operating activities		**11,816,818**	7,910,152
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	**(7,315,716)**	(6,574,857)
Acquisition of intangible assets	14	**(941,395)**	(302,713)
Net cash outflows from acquisition of a subsidiary	4.1	**(111,932)**	(2,289,568)
Additional investment in associate		**(377)**	-
Acquisition of available-for-sale investments		**(126,768)**	(160,144)
Proceeds from disposal of property, plant and equipment		**852,405**	386,615
Proceeds from disposal of available-for-sale investments		**140,120**	92,288
Movement in restricted deposits		**(10,843)**	(182,907)
Movement in other non-current assets		**(26,753)**	82,649
Dividend received		**84,141**	112,098
Interest received		**503,488**	654,649
Net cash used in investing activities		**(6,953,630)**	(8,181,890)

Continued…………

The attached notes 1 to 41 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
Year ended 31 December 2012

	Note	***2012 QR'000***	*2011 QR'000*
FINANCING ACTIVITIES			
Proceeds from right shares issued		**6,855,345**	-
Proceeds from interest bearing loans and borrowings		**9,784,683**	2,645,989
Repayment of interest bearing loans and borrowings		**(16,084,719)**	(3,742,308)
Acquisition of non-controlling interests		**(11,804,684)**	(39,587)
Additions to deferred financing costs	25	**(138,141)**	(24,096)
Fund received from an associate		**-**	70,111
Dividend paid to shareholders of the parent		**(528,000)**	(733,333)
Dividend paid to non-controlling interests		**(738,335)**	(321,881)
Movement in of non-controlling interests		**(23,584)**	7,031
Movement in other non-current liabilities		**1,351,185**	(1,872,341)
Net cash used in financing activities		**(11,326,250)**	(4,010,415)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(6,463,062)**	(4,282,153)
Effect of exchange rate fluctuations		**213,256**	(224,879)
Cash and cash equivalents at 1 January		**21,050,888**	25,557,920
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	**14,801,082**	21,050,888

The attached notes 1 to 41 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2012

		Attributable to shareholders of the parent								
	Note	*Share capital QR'000*	*Legal reserve QR'000*	*Fair value reserve QR'000*	*Translation reserve QR'000*	*Other statutory reserves QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non – controlling interests QR'000*	*Total equity QR'000*
At 1 January 2012		1,760,000	6,494,137	672,843	1,586,124	706,036	9,836,707	21,055,847	18,336,947	39,392,794
Profit for the year		-	-	-	-	-	2,943,714	2,943,714	1,705,955	4,649,669
Other comprehensive income		-	-	411,651	(829,028)	-	-	(417,377)	(463,524)	(880,901)
Total comprehensive income for the year		-	-	411,651	(829,028)	-	2,943,714	2,526,337	1,242,431	3,768,768
Transactions with shareholders of the parent, recognised directly in equity										
Dividend for 2011	29	-	-	-	-	-	(528,000)	(528,000)	-	(528,000)
Bonus shares issued	22	528,000	-	-	-	-	(528,000)	-	-	-
Right shares issued	22	915,200	5,940,145	-	-	-	-	6,855,345	-	6,855,345
Transfer to other statutory reserves		-	-	-	-	119,209	(119,209)	-	-	-
Transactions with non-controlling interest, recognised directly in equity										
Recognition of non-controlling interest's share of net assets	4.1	-	-	-	-	-	-	-	6,974	6,974
Change in non-controlling interests	4.3	-	-	-	-	-	(1,979,869)	(1,979,869)	(9,824,815)	(11,804,684)
Change in non-controlling interest in an associate	4.5	-	-	-	-	-	(1,489)	(1,489)	-	(1,489)
Dividend paid		-	-	-	-	-	-	-	(738,335)	(738,335)
Other movements		-	-	-	-	-	-	-	(23,584)	(23,584)
Transactions with non-owners of the Group										
Transfer to social and sports fund	38	-	-	-	-	-	(38,119)	(38,119)	-	(38,119)
At 31 December 2012		**3,203,200**	**12,434,282**	**1,084,494**	**757,096**	**825,245**	**9,585,735**	**27,890,052**	**8,999,618**	**36,889,670**

The attached notes 1 to 41 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2012

	Note	*Attributable to shareholders of the Parent*								
		Share capital	*Legal reserve*	*Fair value 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*
At 1 January 2011		1,466,667	6,494,137	49,996	1,780,473	404,580	8,834,207	19,030,060	15,196,832	34,226,892
Profit for the year		-	-	-	-	-	2,605,550	2,605,550	3,337,644	5,943,194
Other comprehensive income		-	-	622,847	(194,349)	-	-	428,498	(217,085)	211,413
Total comprehensive income for the year		-	-	622,847	(194,349)	-	2,605,550	3,034,048	3,120,559	6,154,607
Transactions with shareholders of the Parent, recognised directly in equity										
Dividend for 2010	29	-	-	-	-	-	(733,333)	(733,333)	-	(733,333)
Bonus shares issued	22	293,333	-	-	-	-	(293,333)	-	-	-
Transfer to other statutory reserves		-	-	-	-	301,456	(301,456)	-	-	-
Transactions with non-controlling interest, recognised directly in equity										
Recognition of non-controlling interests' share of net assets		-	-	-	-	-	-	-	907,326	907,326
Change in non-controlling interests	4.4	-	-	-	-	-	(33,988)	(33,988)	617	(33,371)
Acquisition of non-controlling interests – share of an associate	4.6	-	-	-	-	-	(208,627)	(208,627)	-	(208,627)
Conversion of non-controlling interests to interest bearing loans and borrowings	4.7	-	-	-	-	-	-	-	(573,537)	(573,537)
Dividend paid		-	-	-	-	-	-	-	(321,881)	(321,881)
Other movements		-	-	-	-	-	-	-	7,031	7,031
Transactions with non-owners of the Group										
Transfer to social and sports fund	38	-	-	-	-	-	(32,313)	(32,313)	-	(32,313)
At 31 December 2011		1,760,000	6,494,137	672,843	1,586,124	706,036	9,836,707	21,055,847	18,336,947	39,392,794

The attached notes 1 to 41 form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2012

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.

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

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

2 BASIS OF PREPARATION

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).

The consolidated financial statements of the Group for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 3 March 2013.

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

- Financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale investments are measured at fair value;
- Derivative financial instruments are measured at fair value; and
- Liabilities for cash-settled share-based payment arrangements are measured at fair value through profit or loss;

The methods used to measure fair values are discussed further in note 34.

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 Qatari Riyals has been rounded off to the nearest thousand (QR'000) except where otherwise indicated.

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 36.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of Qatar Telecom (Qtel) Q.S.C. and its subsidiaries (together referred to as the "Group"). The accounting policies set out below have been applied consistently to all the periods presented 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.

Certain comparative amounts in the consolidated financial statements have been reclassified to conform with the current year's presentation (see note 40). In addition, the comparative consolidated income statement and statement of cash flow has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see note 39)

3.1 BASIS OF CONSOLIDATION

(a) Subsidiaries
Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. In addition, control may exist without having 50% voting power through ownership or agreements, as a consequence of de facto control. De facto control is control without the legal right to exercise unilateral control, and involves decision-making ability that is not shared with others and the ability to give directions with respect to the operating and financial policies of the entity concerned. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Transactions that result in changes in non-controlling interests while retaining control are accounted for as transactions with equity holders in their capacity as equity holders. As a result, no gain or loss on such changes is recognised in profit or loss but rather in equity. Also, no change in the carrying amounts of assets (including goodwill) or liabilities is recognised as a result of such transactions.

(b) Non controlling interests
Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated financial position, separately from shareholders of the parent. Losses applicable to the non-controlling interests in excess of the non controlling interests are allocated against the interest of the Group except to the extent that the non controlling interests has a binding obligation and is able to make an additional investment to cover losses. Acquisitions of non controlling interests are accounted for using the parent extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognized as goodwill. Upon loss of control, Group accounts for the investment retained at its proportionate share of net asset value at the date control was lost.

(c) Business combinations and goodwill

Business combinations from 1 January 2010
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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 the Group's cash-generating units 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 forms part of a cash-generating unit 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 operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(d) Loss of control

A change in the non-controlling interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. On loss of control over a subsidiary, the Group:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in consolidated income statement; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

(e) Investment in associates

Associate companies are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

The principal subsidiaries of the Group, incorporated in the consolidated financial statements of Qatar Telecom (Qtel) Q.S.C are as follows:

Name of subsidiary	*Country of incorporation*	*Group effective shareholding percentage*	
		2012	*2011*
Qtel Investment Holdings S.P.C	Bahrain	**100%**	100%
Qtel International Investments L.L.C.	Qatar	**100%**	100%
Qtel Group L.L.C.(formerly known as "Qtel International" L.L.C.)	Qatar	**100%**	100%
Qtel South East Asia Holding S.P.C ("QSEAH")	Bahrain	**100%**	100%
Qtel West Bay Holding S.P.C	Bahrain	**100%**	100%
Qatar Telecom (Asia) Pte. Ltd. ("QTA")	Singapore	**100%**	100%
Qtel Al Dafna Holding S.P.C ("QDH")	Bahrain	**100%**	100%
Qtel Al Khore Holding S.P.C ("QKH")	Bahrain	**100%**	100%
IP Holdings Limited	Cayman Islands	**100%**	100%
Qtel Gharafa Holdings Limited	Cayman Islands	**100%**	100%
wi-tribe Asia Limited ("WiTA")	Cayman Islands	**100%**	100%
Qatar Telecom (Qtel Asia) Pte. Ltd. ("QA")	Singapore	**100%**	100%
Indonesia Communications Limited ("ICLM")	Mauritius	**100%**	100%
QTEL International Finance Limited	Bermuda	**100%**	100%
Qtel MENA Investcom S.P.C	Bahrain	**100%**	100%
Omani Qatari Telecommunications Company S.A.O.G. ("NAWRAS")	Sultanate of Oman	**55.0%**	55.0%
Starlink W.L.L.	Qatar	**72.5%**	60.0%
National Mobile Telecommunications Company K.S.C. ("Wataniya Telecom")	Kuwait	**92.1%**	52.5%
Wataniya International FZ – L.L.C. ("WTI")	United Arab Emirates	**92.1%**	52.5%
Al-Bahar United Company W.L.L. ("Fono")	Kuwait	**92.1%**	52.5%
Al Wataniya Gulf Telecommunications Holding Company S.P.C ("WIH")	Bahrain	**92.1%**	52.5%
Al-Wataniya International for Intellectual Properties S.P.C	Bahrain	**92.1%**	52.5%
Wataniya Telecom Maldives Pvt Ltd ("WTM")	Maldives	**92.1%**	52.5%
WARF Telecom International Private Limited ("WARF")	Maldives	**59.9%**	34.1%
Wataniya Telecom Algerie S.P.A. ("WTA")	Algeria	**74.4%**	46.3%
Carthage Consortium Ltd.	Malta	**92.1%**	52.5%
Qtel Tunisia Holding Company Ltd.	Malta	**92.1%**	52.5%
Qtel Malta Holding Company Ltd.	Malta	**100.0%**	100.0%
Tunisiana S.A	Tunisia	**84.1%**	39.4%
Tunisia Network S.A (i)	Tunisia	**41.2%**	19.3%
Public Telecommunication Company Ltd. ("PTC")	Saudi Arabia	**92.1%**	29.2%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company (i)	Palestine	**45.8%**	25.4%
Raywood Inc. ("Raywood")	Cayman Islands	**100.0%**	61.2%
Newood Inc.	Cayman Islands	**100.0%**	-
Midya Telecom Company Limited ("MTCL")	Iraq	**49.0%**	-
Al-Rowad General Services Limited ("AL Rowad")	Iraq	**100.0%**	61.2%
Asiacell Communications PJSC (formerly known as Asiacell Communications L.L.C.) ("Asiacell, Iraq") (ii)	Iraq	**53.9%**	30.0%
wi-tribe Limited ("WiT")	Cayman Islands	**86.1%**	86.1%
wi-tribe Limited – Jordan P.S.C.	Jordan	**86.1%**	86.1%
wi-tribe Pakistan Limited	Pakistan	**86.1%**	86.1%

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

Name of subsidiary	*Country of incorporation*	*Group effective shareholding percentage*	
		2012	*2011*
Barzan Holding Company S.P.C.	Bahrain	**100%**	-
Laffan Holding Company S.P.C.	Bahrain	**100%**	-
Zekreet Holding Company S.P.C.	Bahrain	**100%**	-
Philippines Multitech Pte. Ltd.	Singapore	**100%**	-
Bow Arken Pte. Ltd.	Singapore	**100%**	-
PT. Indosat Tbk	Indonesia	**65.0%**	65.0%
Indosat Finance Company B.V. ("IFB")	Netherlands	**65.0%**	65.0%
Indosat International Finance Company B.V. ("IIFB")	Netherlands	**65.0%**	65.0%
Indosat Singapore Pte. Ltd. ("ISP")	Singapore	**65.0%**	65.0%
PT Indosat Mega Media ("IMM")	Indonesia	**64.9%**	64.9%
PT Starone Mitra Telekomunikasi ("SMT") (iii)	Indonesia	**47.2%**	47.2%
PT Aplikanusa Lintasarta ("Lintasarta") (iii)	Indonesia	**47.0%**	47.0%
PT Artajasa Pembayaran Elektronis ("APE") (iii)	Indonesia	**25.9%**	25.9%
Indosat Palapa Company B.V. ("IPBV")	Netherlands	**65.0%**	65.0%
Indosat Mentari Company B.V. ("IMBV")	Netherlands	**65.0%**	65.0%
PT Lintas Media Danawa ("LMD") (iii)	Indonesia	**32.9%**	32.9%
PT Interactive Vision Media ("IVM")	Indonesia	**64.9%**	64.9%

(i) The Group has the power, indirectly through Wataniya Telecom by virtue of Wataniya Telecom having more than 51% of the voting interests in these companies, to govern the financial and operating policies of Wataniya Palestine Mobile Telecommunications Public Shareholding Company ("WPT") and Tunisiana Network S.A, and accordingly, these companies have been considered as subsidiaries of the Group.

(ii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 100% (2011: 61.2%) voting interest held by the Group to carry out investment activities in Iraq. Raywood acquired 49% voting interest of Midya Telecom Company Limited ("MTCL") in Iraq. The group has the power to govern the financial and operating policies of MTCL, Iraq by virtue of the shareholders' agreement entered into between Raywood and MTCL, Iraq to appoint a majority (4 out of 7) of Board of Directors through Raywood and accordingly MTCL, Iraq is considered as a subsidiary of the Group. In prior years, Asiacell, Iraq was consolidated based on the similar arrangements among Raywood, AL Rowad and Asiacell, Iraq. During the year, the Group acquired additional stake of 23.9% in Asiacell, Iraq increasing its effective holding from 30% to 53.9% (refer note 4.3.3).

(iii) The Group has the power, indirectly through PT Indosat Tbk ("Indosat ") by virtue of Indosat having more than 51% of the voting interest or control in these companies, to govern the financial and operating policies of PT Starone Mitra Telekomunikasi ("SMT"), PT Aplikanusa Lintasarta ("Lintasarta"), PT Artajasa Pembayaran Elektronis ("APE") and PT Lintas Media Danawa ("LMD") and accordingly, these companies have been considered as subsidiaries of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IAS, IFRS and IFRIC interpretations effective as of 1 January 2012. The following standards, amendments and interpretations, which became effective 1 January 2012, are relevant to the Group:

Standard/ Interpretation	*Content*
IAS 12	Deferred Tax Recovery of Underlying Assets
IFRS 7 (amendment)	Disclosures: Transfer of financial assets issued in May 2011
Improvements to IFRS's (2011)	

a) IAS 12 – Deferred Tax Recovery of Underlying Assets
The amendment to IAS 12 provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. Under the exception, the measurement of deferred tax assets and liabilities is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale.

The adoption this amendment had no significant impact on the consolidated financial statements.

b) IFRS 7 (amendment) – Disclosures: Transfer of financial assets
The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.

The adoption this amendment had no significant impact on the consolidated financial statements.

c) Improvements to IFRSs (2011)
Improvements to IFRS issued in 2011 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Group as a result of these amendments.

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

The following standards and interpretations have been issued and are expected to be relevant to the Group in future periods, with effective dates on or after 1 January 2012:

Standard/ Interpretation	*Content*	*Effective date*
IAS 1 (amendment)	Presentation of items of other comprehensive income ((Effective for annual periods beginning on or after 1 July 2012)	1 July 2012
IAS 19	Employee benefits'	1 January 2013
IAS 28	Investment in Associates and Joint Ventures	1 January 2013
IFRS 7 & IAS 32 (amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities Offsetting Financial Assets and Financial Liabilities	1 January 2013 1 January 2014
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015
IFRS 10 & IAS 27	Consolidated financial statements and Separate Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair Value measurement	1 January 2013

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE (CONTINUED)

New standards, amendments and interpretations issued but not yet effective
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2012, and have not been applied in preparing these consolidated financial statements. Those which are relevant to the Group are set out below. The Group does not plan to early adopt these standards.

a) IAS 1 (amendment) - Presentation of items of other comprehensive income
The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning after 1 July 2012 with an option of early application.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this amendments.

b) IAS 19 – Employee benefits (2011)
IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Group. However, the Group may need to assess the impact of the change in measurement principles of the expected return on plan assets. IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

The Group expect to have an impact on the consolidated financial statements on adoption of this amendment.

IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the following amendments;

- *Associates held for sale*: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the entity applies the equity method until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture, and

- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied retrospectively.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this amendments.

c) Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)
Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the Group will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE (CONTINUED)

d) IAS 28 (2011) – Investment in Associates and Joint ventures

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this amendments.

e) IFRS 9 - Financial Instruments

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues. The Group has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed.

Given the nature of the Group's operations, this standard is not expected to have a significant impact on the Group's financial statements.

f) IFRS 10 - Consolidated financial statements and IAS 27 Separate Financial Statements (2011)

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees. This refers to the current accounting policy of the Group relating to subsidiaries. The standard is effective for annual periods beginning on or after 1 January 2013.

The IASB published Investment Entities (Amendments to IFRS 10 and IFRS 12), which grants certain relief from consolidation to investment entities. It requires qualifying investment entities to account for investment in controlled investees on a fair value basis. The effective date is annual periods beginning on or after 1 January 2014, but early adoption is permitted to enable alignment with the adoption of IFRS 10.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE (CONTINUED)

g) IFRS 11 – Joint Arrangements
Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting. The standard is effective for annual periods beginning on or after 1 January 2013.

The Group is not expecting a significant impact from the adoption of this standard.

h) IFRS 12 - Disclosures of interests in other entities
IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests.

The standard is effective for annual periods beginning on or after 1 January 2013. The Group is currently assessing the disclosure requirements for interests in subsidiaries and unconsolidated unstructured entities in comparison with existing disclosures.

i) IFRS 13 - Fair value measurement
IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013. The Group is currently reviewing its methodologies for determining fair values. This refers to the current accounting policy of the Group

The Group is considering the implications of the above standards, the impact on the Group and the timing of its adoption by the Group. The Group did not early adopt any new or amended standards or interpretations in 2012.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Revenue arising from separable installation and connection services are recognised when it is earned. Subscription fee is recognised as revenue as the services are provided.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

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

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

Loyalty program
The group has a customer loyalty programme whereby customers are awarded credits ("Points") based on the usage of products and services, entitling customers to the right to redeem the accumulated points via specified means. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of sale. The amount allocated to Points is estimated by reference to the fair value of the right to redeem it at a discount for the products of the Group or for products or services provided by third parties. The fair value of the right to redeem is estimated based on the amount of discount, adjusted to take into account the expected forfeiture rate. The amount allocated to Points is deferred and included in deferred revenue. Revenue is recognised when these Points are redeemed and the Group has fulfilled its obligations to the customer. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to revenue when it is no longer considered probable that the Points will be redeemed.

Licence and spectrum fees
Amortisation periods for licence and spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the commencement of service of the network.

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

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

The Group as lessor
The amounts due from lessees under finance leases are recorded as receivables at the amount of Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of leases.

Revenues from the sale of transmission capacity on terrestrial and submarine cables are recognized on a straight-line basis over the life of the contract. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee
Rentals payable under operating leases are charged to the consolidated income statement on a straight –line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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

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

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

Other income
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:

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

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

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

Taxation
Some of the subsidiaries and the joint venture are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Deferred income tax
Deferred income tax is provided using the liability method 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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 unutlised tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

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.

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 Company 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)

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

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

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

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

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, fair value losses on financial assets at fair value through profit or loss, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

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.

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

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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 profit or loss.

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 income statement as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis in 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:

Land lease rights under finance lease	50 years
Buildings	5 – 40 years
Exchange and networks assets	5 – 25 years
Subscriber apparatus and other equipment	1 – 8 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 de-recognition of the asset is included in the consolidated income statement 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 relating to non-monetary assets are recognised at nominal value. Grants that compensate the Group for expenses are recognised in the consolidated income statement on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated income statement on a systematic basis over the expected useful life of the related asset upon capitalisation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 income statement 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 income statement 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.

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)

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*	*Concession intangible assets*	*IRU, software and other intangibles*
Useful lives	:	Finite (10 – 50 years)	Finite (2 – 8 years)	Finite (6-25 years)	Finite (15 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	Amortised on a straight line basis over the periods of availability
Internally generated or acquired	:	Acquired	Acquired	Acquired	Acquired	Acquired

Service concession arrangements

The Group accounts for service concession arrangements where it is an operator in accordance with IFRIC 12 "Service concession arrangements". Infrastructure within the scope of this interpretation is not recognised as property, plant and equipment of the Group as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the Group. Accordingly, the Group recognises such assets as "Concession intangible assets". The Group recognises these intangible assets at cost in accordance with IAS 38. These intangible assets are amortised over the period in which it is expected to be available for use by the Group.

The Group recognises contract revenue and costs in accordance with IAS 11, Construction Contracts. The costs of each activity, namely construction, operation and maintenance are recognised as expenses by reference to the stage of completion of the related activity. Contract revenue, if any, i.e. the fair value of the amount due from the grantor for the activity undertaken, is recognised at the same time. The amount due from the grantor meets the definition of a receivable in IAS 39 Financial Instruments: Recognition and Measurement. The receivable is measured initially at fair value. It is subsequently measured at amortised cost.

The Group accounts for revenue and costs relating to the services in accordance with IAS 18 as described in the accounting policy for revenue recognition. Borrowing costs attributable to the arrangement are recognised as an expense in the period in which they are incurred, unless the Group has a contractual right to receive an intangible asset (a right to charge user of the public service). If the Group has a contractual right to receive an intangible asset, borrowing costs attributable to the arrangement are capitalised during the construction phase of the arrangement.

Financial instruments

(i) Non-derivative financial assets:

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Non-derivative financial assets (continued):

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

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

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

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

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, call deposits and demand deposits with original maturity of less than three months.

Trade and other receivable
Trade receivables and prepayments that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment.

Appropriate allowances for estimated irrecoverable amounts are recognized in the consolidated income statement where there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Available-for-sale investments
Available-for-sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale investments are recognised initially at fair value plus directly attributable transaction costs. After initial recognition, available for sale investments are subsequently remeasured at fair value, with any resultant gain or loss directly recognised as a separate component of equity as fair value reserve under other comprehensive income until the investment is sold, collected, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated income statement for the year. Interest earned on the investments is reported as interest income using the effective interest rate. Dividend earned on investments are recognised in the consolidated income statement as "Dividend income" when the right to receive dividend has been established. All regular way purchases and sales of investment are recognised on the trade date when the Group becomes or cease to be a party to contractual provisions of the instrument.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Non-derivative financial assets (continued)

Available-for-sale investments (continued)

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the financial reporting year. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. For investment in funds, fair value is determined by reference to net asset values provided by the fund administrators.

Due to the uncertain nature of cash flows arising from certain unquoted equity investments of the Group, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost, less any impairment losses.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is transferred from equity to the consolidated income statement. Impairment losses on equity instruments recognised in the consolidated income statement are not subsequently reversed. Reversals of impairment losses on debt instruments are reversed through the consolidated income statement; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement.

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

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

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

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

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

(ii) Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Non derivative financial liabilities include interest bearing loans and borrowings and trade payables and accruals.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Non-derivative financial liabilities (continued)

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

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

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

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

(iii) 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 statement of financial position date are dealt with as an event after balance sheet date.

(iv) Derivative financial instruments and hedge accounting
Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in described below for those derivative instruments designated for hedging cash flows, while changes in the fair value of derivative instruments not designated for cash flow hedges are charged directly to profit or loss.

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

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment (except for foreign currency risk); or

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

- where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

- embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

- derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 period. 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.

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 statement of financial position date, and are discounted to present value where the effect is material.

Employee benefits

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. Actuarial gains or losses are recognised as income or expense when the net cumulative unrecognised actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the present value of the defined benefit obligation or fair value of plan assets, whichever is greater, at that date. These gains or losses in excess of the 10% corridor are recognised on a straight-line basis over the expected average remaining working lives of the employees. Past service cost is recognised over the estimated average remaining service periods of the employees.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Pensions and other post employment benefits (continued)
The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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

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

Once the benefit is settled in cash at the exercise date, the liability is derecognised. The amount of cash settlement is determined based on the share price of the Group at the exercise date. On breach of the vesting conditions, the liability is derecognised through the consolidated income statement.

Foreign currency

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.

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 profit or loss, except for differences arising on the retranslation of available-for-sale equity investments which are recognised in other comprehensive income.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency (continued)

Translation of foreign operations (continued)

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 income statement.

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.

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 income statement.

Non-financial assets
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 amortization, if no impairment loss had been recognized.

Segment reporting
Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Events after the statement of financial position date
The consolidated financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the consolidated statement of financial position date.

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS

Acquisition of subsidiaries in 2012

4.1 Acquisition of Midya Telecom Company Limited ("MTCL"),

On 1st January 2012, the Group acquired through Raywood Inc. ("Raywood"), an effective 30% of the voting shares of Midya Telecom Company Limited ("MTCL"), a limited liability company incorporated in Iraq with the licence to provide telecommunication services. The acquisition has been accounted for using the purchase method of accounting. The acquired net assets of MTCL amounts to QR 6,700 thousands based on the carrying amount of net assets of MTCL as at date of acquisition amounting to QR 13,674 thousands. The cost of business combination amounted to QR 121,335 thousands with a resultant goodwill of QR 114,635 thousands. The net cash out flow on acquisition, net of cash acquired with the subsidiary of QR 9,403 thousands, amounted to QR 111,932 thousands.

The goodwill is arrived at based on carrying values of net assets of MTCL, the management believes that these carrying values are not materially different than fair values. The Group is in the process of completing share transfer and other legal formalities in relation with this acquisition.

For the year ended 31 December 2012, MTCL contributed revenue of QR 135,432 thousands and loss of QR 12,755 thousands to the Group's results.

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS (CONTINUED)

Acquisition of subsidiaries in 2011

4.2 Step acquisition of Tunisiana S.A.(formerly known as Orascom Telecom Tunisie S.A.) ("Tunisiana")

On 4 January 2011 ("the acquisition date"), the Group acquired 25% additional shareholding interest in Tunisiana As a result of the above, the Group's ownership and voting interests in Tunisiana, previously treated as a joint venture and accounted for under proportionate consolidation method, increased from 50% to 75%. Consequently, Tunisiana is fully consolidated within the Group's consolidated financial statements starting from the date control has been obtained.

Moreover, the Group re-measured its previously held interests in Tunisiana at fair value and recognised a revaluation gain of QR 1,442,831 thousands in the profit or loss for the year. The revaluation of previously held interests was based on the same price that was paid for the additional controlling interests acquired during the period, after adjusting for control premium.

The management expects that taking control of Tunisiana will enable the Group in expanding its telecommunication activities and operations in the Tunisian market.

(a) Identifiable assets acquired and liabilities assumed, and resulting gain on previously held interest

The fair values of the identifiable assets and liabilities of Tunisiana recognised as a result of the step acquisition were as follows:

	Carrying amounts immediately prior to acquisition QR'000	*Fair values adjustment QR'000*	*Fair values at the acquisition date QR'000*
Cash and bank balances	314,809	-	314,809
Trade and other receivables	387,846	-	387,846
Inventories	7,437	-	7,437
Property, plant and equipment	1,285,571	-	1,285,571
License costs	735,973	1,708,927	2,444,900
Customer contracts and related customer relationship	-	156,148	156,148
Trade names	-	203,884	203,884
Other intangibles	3,659	-	3,659
Deferred tax assets	46,255	-	46,255
Other non-current assets	49,992	-	49,992
Total fair value of acquired identifiable assets at the date of acquisition	2,831,542	2,068,959	4,900,501
Trade and other payables	967,295	-	967,295
Borrowings	280,856	-	280,856
Other non-current liabilities	24,455	-	24,455
Total fair value of assumed liabilities at the date of acquisition	1,272,606	-	1,272,606
Fair value of net identifiable assets at the date of acquisition	**1,558,936**	**2,068,959**	**3,627,895**

Fair value of previously held interest in an acquired subsidiary	4,369,802
Less: carrying value of previously held interest in an acquired subsidiary	(2,926,971)
Gain recognised on previously held interest in an acquired subsidiary	**1,442,831**

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS (CONTINUED)

4.2 Step acquisition of Tunisiana S.A. (formerly known as Orascom Telecom Tunisie S.A.) ("Tunisiana") (continued)

(b) Goodwill resulting on the step acquisition

Goodwill has been recognised as a result of the acquisition as follows:

	QR'000
Acquisition cost	2,405,957
Non-controlling interest	907,326
Fair value of previously held interest in an acquired subsidiary	4,369,802
Sub-total	7,683,085
Less: fair value of net identifiable assets at date of acquisition	(3,627,895)
Goodwill recognised at acquisition	**4,055,190**

(c) Cash outflow from the acquisition

	QR'000
Acquisition cost	(2,405,957)
Add: receivable from acquired subsidiary	(41,130)
Consideration paid	(2,447,087)
Less: cash acquired with the subsidiary	314,809
Add: derecognition of previously recorded cash under proportionate consolidation method	(157,290)
Net cash outflow from the acquisition	**(2,289,568)**

4.3 Change in non-controlling interests in 2012

	Note	*Retained earnings QR'000*	*Non-controlling interests QR'000*	*Total equity QR'000*
Change in non controlling interests in				
Public Telecommunication Company Limited	4.3.1	(118,755)	118,755	-
Midya Telecom Company Limited	4.3.2	(4,078)	4,078	-
Asiacell Communication PJSC	4.3.3	(2,634,604)	(1,077,706)	(3,712,310)
Starlink W.L.L.	4.3.4	(4,981)	(1,209)	(6,190)
National Mobile Telecommunications Co. K.S.C.	4.3.5	1,612,054	(8,372,773)	(6,760,719)
Tunisiana S.A	4.3.6	(819,820)	(491,121)	(1,310,941)
Wataniya Palestine Mobile Telecommunication Limited P.S.C. ("WPT")		(9,685)	(4,839)	(14,524)
Refer to consolidated statement of changes in equity		**(1,979,869)**	**(9,824,815)**	**(11,804,684)**

4.3.1 Change in non-controlling interest of Public Telecommunication Company Limited ("PTC")

In March 2012, the Group acquired the remaining 44.39% stake in PTC for a nominal consideration of QR 1 thereby increasing its ownership from 55.61% to 100%. The carrying amount of PTC's net assets on the date of acquisition was QR 226,200 thousands. As a result of this change in ownership interest, the Group recognised an increase in non-controlling interests and a decrease in retained earnings of QR 118,755 thousands respectively.

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS (CONTINUED)

4.3 Change in non-controlling interest in 2012 (continued)

4.3.2 Change in non-controlling interest of MTCL

In June 2012, the Group acquired the remaining shares in Raywood and as a result, Raywood has become a 100% subsidiary and the Group's effective interest in MTCL has increased from 30% to 49%. As a result of this change in ownership interest, the Group has recognised a decrease of QR 4,078 thousands in retained earnings. The consideration paid and effects of change in ownership interest were as follows:

	QR'000
Consideration paid for additional 19.0% interest	47,048
Less: Receivables from acquire	(47,048)
Net cash out flow for additional 19.0% interest	-
Less: share of net assets acquired	(4,078)
Additional interest in carrying value of net assets in excess of consideration paid	**(4,078)**

4.3.3 Change in non-controlling interest of Raywood, Al-Rowad General Services Limited and Asiacell

In June 2012, the Group acquired remaining shares in Raywood and as a result, Raywood has become 100% subsidiary. Further, the Group acquired additional interest in Asiacell through its subsidiary, Al-Rowad General Services Limited, with this, the Group's effective interest has increased from 30% to 53.9%. The carrying amount of Asiacell's net assets in the Group's financial statements on the date of change in ownership interest was QR 4,509,640 thousands. As a result of this change in ownership interest, the Group recognised a decrease in non-controlling interest amounting to QR 1,077,706 thousands and a decrease in retained earnings amounting to QR 2,634,604 thousands.

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

	QR'000
Consideration paid for additional 23.9% interest	3,936,043
Less: receivable from acquired additional interest	(223,733)
Net cash out flow for additional 23.9% interest	3,712,310
Less: share of net assets acquired	(1,077,706)
Consideration paid in excess of additional interest in carrying value of net assets	**2,634,604**

The Group is in the process of completing share transfer and other legal formalities in relation with additional shares acquired.

4.3.4 Change in non-controlling interest of Starlink W.L.L

In July 2012, the Group acquired additional shares in Starlink W.L.L, with this, the Group's effective interest has increased from 60% to 72.5%. The carrying amount of Starlink's net assets in the Group's financial statements on the date of change in ownership interest was QR 9,670 thousands. As a result of this change in ownership interest, the Group recognised a decrease in non-controlling interest amounting to QR 1,209 thousands and a decrease in retained earnings amounting to QR 4,981 thousands.

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

	QR'000
Consideration paid for additional 12.5% interest	6,190
Less: share of net assets acquired	(1,209)
Consideration paid in excess of additional interest in carrying value of net assets	**4,981**

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS (CONTINUED)

4.3 Change in non-controlling interest in 2012

4.3.5 Change in non-controlling interest of National Mobile Telecommunications Company K.S.C. ("NMTC" or "Wataniya")

In October 2012, the Group increased its shareholding interest in NMTC from 52.5% to 92.1%. The carrying amount of NMTC's net assets in the Group's financial statements on the date of change in ownership interest was QR 21,137,762 thousands. As a result of this change in ownership interest, the Group recognised a decrease in non-controlling interest amounting to QR 8,372,773 thousands and an increase in retained earnings amounting to QR 1,612,054 thousands. The Group also incurred incremental costs amounting to QR 30,210 thousands directly attributable to this transaction which is accounted as deduction from equity. The consideration paid and effects of change in ownership interest were as follows:

	QR'000
Consideration paid for additional 39.6% interest	6,730,509
Add: directly attributable transaction costs	30,210
Net cash out flow for additional 39.6% interest	6,760,719
Less: share of net assets acquired	(8,372,773)
Additional interest in carrying value of net assets in excess of consideration paid	(1,612,054)

4.3.6 Change in non-controlling interest of Tunisiana S.A.(formerly known as Orascom Telecom Tunisie S.A.) ("Tunisiana")

On 31st December 2012 the Group acquired an additional 15% stake in Tunisiana S.A., as a result, the Group increased its total holding in Tunisiana S.A. to 90%. A cash consideration of QR 1,310,941 thousands was paid to the non-controlling interests of Tunisiana S.A. The carrying value of the share of net assets immediately prior to the additional acquisition of Tunisiana S.A. was QR 3,274,142 thousands. The excess of the cash consideration over the carrying values of net assets acquired amounting to QR 819,820 thousands has been recognised in the consolidated statement of changes in equity under retained earnings. The consideration paid and effects of change in ownership interest were as follows:

	QR'000
Consideration paid for additional 15% interest	1,310,941
Less: share of net assets acquired	(491,121)
Consideration paid in excess of additional interest in carrying value of net assets	819,820

4.4 Change in non-controlling interests in 2011

These represent acquisition of minor additional ownership interests in the following subsidiaries:

- National Mobile Telecommunications Company K.S.C. ("Wataniya Telecom"),
- wi Tribe Limited and
- wi Tribe Asia Limited

These are transactions with non -controlling interest without any change in control and have been directly recognised in the consolidated statement of changes in equity.

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS (CONTINUED)

4.5 Change in non-controlling interest in a subsidiary of an associate in 2012

This represents the change in stake by one of the Group's associates, Asia Mobile Holdings Pte. Ltd. (AMH) in its subsidiary. This is a transaction with non-controlling interest of the associate without any change in control and accordingly has been recognised in the equity of the associate. The group's share of this transaction has been directly recognised in the consolidated statement of changes in equity.

4.6 Acquisition of additional interest in a subsidiary of an associate in 2011

This represents the increase in stake by one of the Group's associates, Asia Mobile Holdings Pte. Ltd. (AMH) in its subsidiary. This is a transaction with non-controlling interest of the associate without any change in control and accordingly has been recognised in the equity of the associate. The group's share of this transaction has been directly recognised in the consolidated statement of changes in equity.

4.7 Conversion of non-controlling interests to interest bearing loans and borrowings in 2011

This represents amounts due to the shareholders of one of the Group's subsidiaries Asiacell Communications LLC, Iraq (ACL) which has been reclassified as interest bearing loans and borrowings pursuant to the recent capitalization of the company on account of its conversion to a private joint stock company (PJSC). This transaction has been directly recognised in the consolidated statement of changes in equity and also reflected as interest bearing loans and borrowings (note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2012

5 REVENUE

	Note	**2012 QR'000**	2011 QR'000
Revenue from rendering of services		**33,073,107**	31,183,749
Sale of telecommunications equipment		**433,480**	338,689
Revenue from use of assets by others		**205,846**	195,226
Network construction revenue	14(iii)	**1,778**	27,266
		33,714,211	31,744,930

6 OPERATING EXPENSES

	Note	**2012 QR'000**	2011 QR'000
Outpayments and interconnect charges		**3,616,244**	3,216,695
Regulatory and related fees		**2,259,741**	1,989,403
Rentals and utilities – network		**1,199,750**	1,283,864
Network operation and maintenance		**1,782,094**	1,673,715
Cost of equipment sold and other services		**1,639,828**	1,223,778
Network construction costs	14(iii)	**1,778**	27,266
Provision for obsolete and slow moving inventories	19	**9,279**	23,352
		10,508,714	9,438,073

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Note	**2012 QR'000**	2011 QR'000
Employee salaries and associated costs		**3,216,326**	3,155,651
Marketing costs and sponsorship		**1,177,843**	1,157,005
Legal and professional fees		**341,908**	333,241
Commission on cards		**1,178,096**	1,166,862
Allowance for impairment of trade receivables	20	**213,088**	247,370
Rental and utilities - non-network		**444,856**	365,821
Repairs and maintenance		**99,508**	143,653
Other expenses		**1,022,308**	884,760
		7,693,933	7,454,363

8 DEPRECIATION AND AMORTISATION

	2012 QR'000	2011 QR'000
Depreciation of property, plant and equipment	**5,935,361**	5,206,850
Amortisation of intangible assets	**1,766,834**	1,782,415
	7,702,195	6,989,265

9 FINANCE COSTS – NET

	Note	*2012 QR'000*	*2011 QR'000*
Finance cost			
Interest expenses		**2,206,908**	2,391,945
Profit element of islamic financing obligation		**54,154**	-
Amortisation of deferred financing costs	25	**155,764**	150,761
Other finance charges		**7,338**	13,147
Ineffective portion of cash flow hedges transferred	24	**282**	(684)
		2,424,446	2,555,169
Finance income			
Interest income		**(503,488)**	(654,649)
Finance costs – net		**1,920,958**	1,900,520

10 OTHER INCOME / (EXPENSES) – NET

	2012 QR'000	*2011 QR'000*
Loss on foreign currency exchange – net	**(369,789)**	(72,636)
(Loss) / profit on disposal of available-for-sale investments	**(2,068)**	1,568
Profit on disposal of property, plant and equipment (refer note below)	**468,399**	26,520
Dividend income	**84,141**	41,798
Rental income from building	**17,828**	16,620
Change in fair value of derivatives – net	**(2,332)**	23,295
Miscellaneous income	**329,489**	34,031
	525,668	71,196

In August 2012, one of the Group's subsidiaries PT Indosat TBK ("Indosat") completed an Asset Sale Agreement with PT Tower Bersama Infrastructure TBK and its subsidiary, PT Solusi Menara Bersama (collectively referred to as "Tower Bersama"), whereby Indosat sold 2,500 of its telecommunication towers and other related assets to Tower Bersama for a total consideration of QR 1,972.6 million (USD 541.7 million) consisting of QR 1,188.2 million (USD 326.3 million) cash consideration and a maximum potential deferred payment of QR 409.7 million (USD 112.5 million). The upfront payment includes 5% of PT Tower Bersama Infrastructure TBK's shares amounting to QR 374.7 million (USD 102.9 million) which has been accounted as available for-sale-investments at fair value in these consolidated financial statements.

Based on the agreement, Indosat also agreed to lease back 2,500 slots in each of the 2,500 telecommunication towers for 10 years period with fixed monthly lease rate of QR 11.8 million (USD 3.25 million) a month.

The management of Indosat has assessed the terms and conditions of the agreement between Indosat and Tower Bersama, in light of the criteria given under "IAS 17: Leases" and concluded that the majority of the risks and rewards of ownership associated with the leased towers' slots has been retained by Indosat. Accordingly, the 2,500 towers' slots sold and leased back have been accounted as finance lease. As a result, an overall gain of QR 430.0 million has been recognised upfront on sale of tower (included under - profit on disposal of property, plant and equipment in note 10 above) and as at 31 December 2012, an amount of QR 510.0 million has been deferred and will be amortized over the lease term of 10 years.

Further, as a result of this arrangement, assets under finance lease and finance lease obligations are recognized amounting to QR 827.9 million and QR 818.7 million respectively .Indosat management, due to complexities involved on the whole transaction, is in the process of seeking approval on the accounting from the Securities and Exchange Commission of the United States of America ("SEC"). Indosat has already submitted a pre clearance letter to SEC and awaits the final judgment from SEC on appropriate accounting treatment to be adopted for tower transaction.

11 ROYALTIES AND FEES

	Note	*2012* *QR'000*	*2011* *QR'000*
Royalty to the Government of Sultanate of Oman	(i)	**125,119**	119,904
Industry fees	(ii)	**159,354**	149,921
Other statutory fees	(iii)	**43,377**	42,413
		327,850	312,238

(i) In accordance with the terms of a license granted to Omani Qatari Telecommunications Company S.A.O.G. to operate telecommunication services in the Sultanate of Oman, royalty is payable to the Government of the Sultanate of Oman, effective from March 2005. The royalty payable is calculated based on 7% of the net of predefined sources of revenue and operating expenses.

(ii) The Group has provided for a 12.5% industry fee of adjusted net profit from the Group's operation in Qatar in accordance with the terms of the mobile and fixed license and is payable to ictQatar, the Telecom Regulator in Qatar.

(iii) Contributions to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat are included under other statutory fees.

12 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.

	2012			*2011*		
	Continuing operations	***Discontinued operation***	***Total***	*Continuing operations*	*Discontinued operation*	*Total*
Profit (loss) for the year attributable to shareholders of the parent (QR'000)	**3,002,435**	**(58,721)**	**2,943,714**	2,633,040	(27,490)	2,605,550
Weighted average number of shares (in thousands)	**297,815**	**-**	**297,815**	263,120	-	263,120
Basic and diluted earnings per share (QR)	**10.08**	**-**	**9.88**	10.01	-	9.90

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

	2012 ***No of shares*** ***'000***	*2011* *No of shares* *'000*
Qualifying shares at 1 January	**176,000**	176,000
Effect of bonus share issue	**52,800**	52,800
Effect of right issue	**69,015**	34,320
Weighted average number of shares	**297,815**	263,120

During the year, the Group issued bonus shares and had rights issue of shares. Accordingly, the previously reported earnings per share have been restated. If the effect of the bonus shares and rights issue during the year was not considered on the earnings per share of the previous year, the basic earnings per share for the year ended 31 December 2011 would have been QR 14.80 per share.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings QR'000	*Exchange and networks assets QR'000*	*Subscriber apparatus and other equipment QR'000*	*Capital work in progress QR'000*	*Total QR'000*
Cost					
At 1 January 2011	6,401,639	40,046,068	4,674,809	3,623,067	54,745,583
Derecognition of joint venture	-	(1,105,254)	(112,914)	(126,696)	(1,344,864)
Acquisition of subsidiary (note 4.2)	-	2,210,507	225,828	253,393	2,689,728
Additions	24,441	898,383	108,740	5,543,293	6,574,857
Transfers	327,262	4,498,030	438,664	(5,263,956)	-
Disposals	(47,181)	(1,063,149)	(108,623)	(174)	(1,219,127)
Reclassification	297,105	(1,257,266)	(547,542)	162,322	(1,345,381)
Exchange adjustment	(47,678)	(257,843)	(20,229)	(38,090)	(363,840)
At 31 December 2011	6,955,588	43,969,476	4,658,733	4,153,159	59,736,956
Acquisition of subsidiary (note 4.1)	7,053	126,761	4,957	-	138,771
Additions	1,424,707	1,070,182	81,337	4,739,490	7,315,716
Transfers	452,949	3,552,310	344,362	(4,349,621)	-
Disposals	(963,858)	(653,226)	(47,498)	(2,071)	(1,666,653)
Reclassification	3,391	415,883	27,659	(429,631)	17,302
Related to discontinued operation	(1,617)	(60,305)	(39,147)	-	(101,069)
Exchange adjustment	(345,464)	(1,751,641)	(144,295)	(108,009)	(2,349,409)
At 31 December 2012	**7,532,749**	**46,669,440**	**4,886,108**	**4,003,317**	**63,091,614**
Accumulated depreciation and impairment losses					
At 1 January 2011	2,466,191	16,860,097	3,246,311	-	22,572,599
Derecognition of joint venture	-	(621,522)	(80,556)	-	(702,078)
Acquisition of subsidiary (note 4.2)	-	1,243,045	161,112	-	1,404,157
Provided during the year	493,320	4,182,857	548,501	-	5,224,678
Relating to disposals	(46,842)	(741,257)	(103,770)	-	(891,869)
Reclassification	129,255	(493,366)	(333,599)		(697,710)
Exchange adjustment	(30,889)	(184,124)	(22,906)	-	(237,919)
At 31 December 2011	3,011,035	20,245,730	3,415,093	-	26,671,858
Acquisition of subsidiary (note 4.1)	410	25,251	1,112	-	26,773
Provided during the year	494,044	4,979,671	513,058	-	5,986,773
Impairment losses	-	102,144	-	-	102,144
Relating to disposals	(378,871)	(491,591)	(44,552)	-	(915,014)
Reclassification	240	28,722	(29,413)	-	(451)
Related to discontinued operation	(1,571)	(60,305)	(38,680)	-	(100,556)
Exchange adjustment	(163,096)	(902,935)	(116,455)	-	(1,182,486)
At 31 December 2012	**2,962,191**	**23,926,687**	**3,700,163**	**-**	**30,589,041**
Carrying value					
At 31 December 2012	**4,570,558**	**22,742,753**	**1,185,945**	**4,003,317**	**32,502,573**
At 31 December 2011	3,944,553	23,723,746	1,243,640	4,153,159	33,065,098

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

i) Included in capital work in progress are eligible borrowing costs capitalised during the year amounting to QR nil (2011: QR 1,178 thousands).

ii) As at 1 January 2012, one of its subsidiaries, PT Indosat TBK, reassessed the useful life of its tower and fencing assets from 15 years to 25 years and 10 years, respectively, its buildings from 20 years to 40 years, and its fixed wireless access technical equipment from 10 years to 7 years. In addition, following proposals to upgrade its network in order to fully utilise its 900 MHz frequency channel for 3G services, as at 1 September 2012, Indosat reassessed the useful life of its cellular technical equipment from 10 years to 8 years. This change has been treated as change in estimate and resultant increase in depreciation expense by QR 516,266 thousands has been prospectively accounted in the current year in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2012

14 INTANGIBLE ASSETS AND GOODWILL

	Goodwill QR'000	*License costs QR'000*	*Customer contracts and related customer relationship QR'000*	*Brand/ Trade names QR'000*	*Concessions intangible assets QR'000*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Cost							
At 1 January 2011	10,869,747	23,927,888	929,917	3,592,923	734,888	318,674	40,374,037
De-recognition of a Joint venture	(1,594,697)	(1,444,425)	(103,016)	(103,016)	-	(2,157)	(3,247,311)
Acquisition of a subsidiary (note 4.2)	4,055,190	2,444,900	156,148	203,884	-	4,313	6,864,435
Additions	-	151,524	-	1,162	27,081	122,946	302,713
Reclassification	-	(171,970)	-	-	32,884	1,484,467	1,345,381
Exchange adjustment	(212,125)	(82,759)	(12,709)	(22,613)	(438)	(33,423)	(364,067)
At 31 December 2011	13,118,115	24,825,158	970,340	3,672,340	794,415	1,894,820	45,275,188
Acquisition of subsidiary (note 4.1)	114,635	25,882	-	-	-	407	140,924
Additions	-	485,854	-	-	1,775	453,766	941,395
Disposals	-	-	-	-	(1,052)	(1,335)	(2,387)
Reclassification	-	-	-	-	-	(17,302)	(17,302)
Related to discontinued operation	-	(37,450)	-	-	-	(12,433)	(49,883)
Exchange adjustment	(503,550)	(440,845)	(54,114)	(173,085)	(2,546)	(37,622)	(1,211,762)
At 31 December 2012	**12,729,200**	**24,858,599**	**916,226**	**3,499,255**	**792,592**	**2,280,301**	**45,076,173**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2012

14 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

	Goodwill QR'000	*License costs QR'000*	*Customer contracts and related customer relationship QR'000*	*Brand/ Trade names QR'000*	*Concessions intangible assets QR'000*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Accumulated amortisation and impairment losses							
At 1 January 2011	449,119	4,643,797	827,157	666,767	245,063	262,951	7,094,854
Derecognition of joint venture	-	(697,780)	(78,312)	(48,939)	-	(327)	(825,358)
Acquisition of subsidiary (note 4.2)	-	-	-	-	-	654	654
Amortisation during the year	-	1,124,819	77,518	337,263	76,206	174,220	1,790,026
Reclassification	-	35,045	-	-	-	662,665	697,710
Exchange adjustment	(54,486)	(120,688)	(10,501)	(6,111)	(682)	(31,307)	(223,775)
At 31 December 2011	394,633	4,985,193	815,862	948,980	320,587	1,068,856	8,534,111
Acquisition of subsidiary (note 4.1)	-	7,042	-	-	-	18	7,060
Amortisation during the year	-	1,130,685	70,626	293,278	81,193	221,680	1,797,462
Impairment losses	25,536	23,383	-	-	234,057	-	282,976
Relating to disposals	-	-	-	-	(565)	(1,429)	(1,994)
Reclassification	-	-	-	-	-	451	451
Related to discontinued operation	-	(37,450)	-	-	-	(12,433)	(49,883)
Exchange adjustment	(23,590)	(105,038)	(48,797)	(33,239)	(1,013)	(28,504)	(240,181)
At 31 December 2012	**396,579**	**6,003,815**	**837,691**	**1,209,019**	**634,259**	**1,248,639**	**10,330,002**
Carrying value							
At 31 December 2012	**12,332,621**	**18,854,784**	**78,535**	**2,290,236**	**158,333**	**1,031,662**	**34,746,171**
At 31 December 2011	12,723,482	19,839,965	154,478	2,723,360	473,828	825,964	36,741,077

14 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 2012 QR'000***	*Carrying value 2011 QR'000*
Wataniya, Kuwait	**608,241**	616,229
Wataniya, Algeria	**2,290,297**	2,320,382
Tunisiana S.A., Tunisia	**4,393,212**	4,533,185
Indosat, Indonesia	**4,528,065**	4,828,671
Asiacell, Iraq	**353,408**	353,408
Others	**159,398**	71,607
	12,332,621	12,723,482

Goodwill was tested for impairment as at 31 December 2012. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by the management covering a period of ten years.

Key Assumptions used in value in use calculations

Key Assumptions

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

Discount rates

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

Growth rate estimates

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

	(Expressed in percentage)			
Cash generating units	***Discount rate***		***Terminal value growth rate***	
	2012	*2011*	***2012***	*2011*
Wataniya, Kuwait	**9.5%**	10.3%	**2.75%**	2.75%
Wataniya, Algeria	**10.6%**	10.4%	**2.75%**	2.75%
Tunisiana S.A., Tunisia	**10.6%**	10.0%	**2.75%**	2.75%
Indosat, Indonesia	**12.0%**	12.1%	**2.75%**	2.75%
Asiacell, Iraq	**15.8%**	14.9%	**2.75%**	2.75%

14 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

i. Impairment testing of goodwill (continued)

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

	2012	*2011*
Wataniya, Kuwait	**11.4%**	5.2%
Wataniya, Algeria	**14.6%**	6.4%
Tunisiana S.A., Tunisia	**2.1%**	2.7%
Indosat, Indonesia	**1.9%**	3.4%
Asiacell, Iraq	**18.9%**	70.6%

ii. Impairment of assets and available-for-sale investments

	Note	*2012* *QR'000*	*2011* *QR'000*
Impairment of available-for-sale investments	16	**42,345**	25,396
Impairment of assets		**385,120**	196,120
		427,465	221,516

iii. Concessions intangible assets (Build-operate-transfer agreement)

On 9 January 2002, a subsidiary, Public Telecommunications Company Ltd. ("PTC") has signed a Build-Operate-Transfer ("BOT") agreement with Saudi Telecom Company ("STC") to offer digital radio network services based on IDEN technology ("the Project") to the public and corporate sectors in the Kingdom of Saudi Arabia ("KSA"). The services offered include call services, data services, control & monitoring services and other optional services.

The assets under BOT agreement are shown separately as "Concession intangible assets". Each item of the concession intangible asset is amortised over the period from the date of its addition to 2020 (as the BOT agreement expires in 2020). The network construction revenue and network construction costs are included under revenue and other operating expenses respectively.

15 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates

Associate companies	***Principal activity***	*Note*	***Country of incorporation***	***Effective ownership 2012***	*2011*
Navlink, Inc.,	*Managed Service Provider delivering technology solutions in the enterprise data market*	(i)	*United State of America*	***38%***	*38%*
Asia Mobile Holdings Pte Ltd ("AMH")	*Holding company*	(ii)	*Singapore*	***25%***	*25%*
PT Multi Media Asia Indonesia	*Satellite based telecommunication services*	(iii)	*Indonesia*	***17%***	*17%*
Liberty Telecoms Holdings Inc. ("LTHI")	*Telecommunication services*	(iv)	*Philippines*	***40%***	*40%*
MEEZA QSTP LLC	*Information technology services*	(v)	*Qatar*	***20%***	*20%*
PT Citra Bakti, Indonesia	*Product certification and testing*	(vi)	*Indonesia*	***9%***	-

(i) Navlink Inc. a Delaware Corporation is engaged in managing service delivery and providing technology solutions in the enterprise data market.

(i) On 1 March 2007, the Group acquired a 25% stake in AMH. AMH is the holding company for ST Telemedia's ("STT") stake in Star Hub Ltd., Singapore.

(iii) PT Multi Media Asia Indonesia was acquired through PT Indosat Tbk.

(iv) On 8 May 2008, the Group acquired 27% of LTHI, a company incorporated in Philippines which is engaged in providing telecommunication services in Philippines and increased its stake to 40% on 9 December 2008.

(v) MEEZA QSTP LLC is registered as a limited liability company incorporated in the State of Qatar and is engaged in IT services.

(vi) PT Citra Bakti, Indonesia was acquired through PT Indosat Tbk in 2012.

The following table is the summarised financial information of the Group's investments in the associates.

	2012 QR'000	*2011 QR'000*
Group's share of associates' statement of financial position:		
Current assets	**920,834**	537,805
Non-current assets	**2,495,777**	2,637,529
Current liabilities	**(905,549)**	(810,960)
Non-current liabilities	**(1,970,060)**	(1,859,649)
Net assets	**541,002**	504,725
Goodwill	**1,332,382**	1,226,967
Carrying amount of the investment	**1,873,384**	1,731,692
Group's share of associates' revenues and results:		
Revenues	**1,861,675**	1,740,445
Results – net of tax	**34,621**	(56,879)

In the year management has performed impairment test and based on the currently available information, there is no evidence of impairment in the value of investment in associates.

16 AVAILABLE-FOR-SALE INVESTMENTS

	2012 QR'000	*2011 QR'000*
Quoted equity investments	**1,057,084**	561,993
Unquoted equity investments	**637,494**	692,161
Unquoted debt securities	**126,717**	119,612
Investments in funds	**812,355**	816,173
	2,633,650	2,189,939

At 31 December 2012, certain unquoted equity investments amounting to QR 146,426 thousands (2011: QR 173,596 thousands) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

During the year, the Group has recorded an impairment loss of QR 42,345 thousands (2011: QR 25,396 thousands) on certain available-for-sale investments. In the opinion of the management, based on the currently available information, there is no evidence of further impairment in the value of available-for-sale investments.

During the year, one of the subsidiaries of the Group PT Indosat TBK received part of the consideration in connection with the tower deal transactions in the form of quoted equity investment (refer note 10).

17 OTHER NON-CURRENT ASSETS

	Note	*2012 QR'000*	*2011 QR'000*
Prepaid rentals	(i)	**284,405**	307,748
Long term advances	(ii)	**418,376**	363,058
Long term loans	(iii)	**149,956**	140,341
Others	(iv)	**84,254**	99,091
		936,991	910,238

(i) Prepaid rentals represent the long term portion of prepaid rentals on sites and GSM towers of one of the Group's subsidiaries PT Indosat TBK and is expensed over the period of right to use.

(ii) Long term advances represent advances to suppliers and contractors for the procurement or construction of property, plant and equipment and advances against investments, which will be reclassified to the respective class of assets upon completion or receipt of these assets purchased.

(iii) Long term loans represent loans granted to third parties for the purpose of investing in telecommunications outside Qatar, which carries interest at LIBOR plus margin 8%. The loans are secured against pledge of shares of the invested telecommunication companies.

(iv) Others includes an amount of QR 35,548 thousands (2011: QR 41,435 thousands) relating to long term portion of prepaid pension costs (note 26).

18 INCOME TAX

The income tax represents amounts recognised by subsidiary companies. The major components of the income tax expense for the years 2012 and 2011 are:

	2012 *QR'000*	*2011* *QR'000*
Current income tax:		
Current income tax charge	**849,904**	800,856
Adjustments in respect of previous years' income tax	**42,752**	(1,042)
Deferred income tax:		
Relating to origination and reversal of temporary differences	**82,891**	111,182
Income tax included in the consolidated income statement	**975,547**	910,996

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 35% (2011: 10% to 35%). For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense.

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 reconciliation between tax expense and the product of accounting profit multiplied by the Group's effective tax rate is as follows:

	2012 *QR'000*	*2011* *QR'000*
Accounting consolidated profit before tax	**5,693,385**	6,886,103
The Company and its subsidiaries that are not subject to corporate income tax	**(1,444,810)**	(2,584,660)
Accounting profit of subsidiaries and associates that are subject to corporate income tax	**4,248,575**	4,301,443
Add:		
Allowances, accruals and other temporary differences	**(71,326)**	61,027
Expenses and income that are not subject to corporate tax	**162,320**	62,569
Deduct:		
Depreciation-net	**517,243**	(414,442)
Unutilised tax losses brought forward	**(601,855)**	(274,422)
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**4,254,957**	3,736,175
Current income tax charge at the effective income tax rate of 20% (2011: 21%)	**849,904**	800,856

18 INCOME TAX (CONTINUED)

	Consolidated statement of financial position		*Consolidated income statement*	
	2012	*2011*	***2012***	*2011*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Accelerated depreciation for tax purposes	**(778,052)**	(1,009,389)	**270,405**	(98,081)
Losses available to offset against future taxable income	**85,798**	392,041	**(254,491)**	(73,204)
Allowances, accruals and other temporary differences	**46,078**	59,139	**24,244**	14,392
Deferred tax origination on purchase price allocation	**(702,058)**	(792,864)	**42,733**	5,711
Deferred tax expense	**-**	-	**82,891**	(111,182)
Deferred tax liability – net	**(1,348,234)**	(1,351,073)		

Reflected in the consolidated statement of financial position as follows:

	2012	*2011*
	QR'000	*QR'000*
Deferred tax asset	**69,455**	286,776
Deferred tax liability	**(1,417,689)**	(1,637,849)
	(1,348,234)	(1,351,073)

Reconciliation of deferred tax liability – net

	2012	*2011*
	QR'000	*QR'000*
At 1 January	**1,351,073**	1,273,789
Derecognition of joint venture	**-**	23,128
Acquisition of subsidiaries (note 4.2)	**-**	(46,255)
Tax expense during the year	**82,891**	111,182
Tax on other comprehensive income	**37,305**	1,911
Exchange adjustment	**(123,035)**	(12,682)
At 31 December	**1,348,234**	1,351,073

Reconciliation of income tax liability

	2012	*2011*
	QR'000	*QR'000*
At 1 January	**425,221**	461,451
Current income tax charge	**849,904**	800,856
Adjustments in respect of previous years' income tax	**42,752**	(1,042)
Tax paid during the year	**(812,858)**	(836,044)
At 31 December	**505,019**	425,221

Unrecognised deferred tax assets
At 31 December 2012, deferred tax assets of QR 111,920 thousands (2011: QR 32,774 thousands) for temporary differences of QR 346,147 thousands (2011: QR 143,195 thousands) related to investments in subsidiaries were not recognised because the subsidiaries were unable to assess with reasonable certainty that sufficient taxable profit would be available to recover the asset in the foreseeable future.

18 INCOME TAX (CONTINUED)

Unrecognised deferred tax assets (continued)
During the year, management of one of the subsidiary, Wi- Tribe Pakistan Limited (the "wi-tribe Pakistan") has reassessed the recoverability of the wi-tribe Pakistan's deferred tax asset along with the envisaged time frame in which the deductible timing difference are expected to be adjusted against future taxable profits.

On the basis of its reassessment, management of the wi-tribe Pakistan believes that expected time lines for the adjustment of deductible taxable differences have been delayed than envisaged earlier. Taking cognizance of this increased uncertainty deferred tax asset already recognized up to 31 December 2011 of QR 86.1 million has been reversed and charged to profit and loss account as a tax expense.

19 INVENTORIES

	2012 QR'000	*2011 QR'000*
Subscribers' equipment	**190,093**	203,280
Other equipment	**144,057**	141,033
Cables and transmission equipment	**66,786**	43,936
	400,936	388,249
Less: Provision for obsolete and slow moving inventories	**(42,169)**	(45,699)
	358,767	342,550

Inventories consumed are recognised as expense during the year and included as a part of cost of equipment sold and other services under operating expenses, amounting to QR 1,150,220 thousands (2011: QR 690,769 thousands). Movement in the provision for obsolete and slow moving inventories is as follows:

	Note	*2012 QR'000*	*2011 QR'000*
At 1 January		**45,699**	34,578
Derecognition of joint venture		**-**	(32)
Acquisition of subsidiary		**-**	64
Provided during the year	6	**9,279**	23,352
Amounts written off		**(12,343)**	(12,307)
Exchange adjustment		**(466)**	44
At 31 December		**42,169**	45,699

20 TRADE AND OTHER RECEIVABLES

	Note	*2012 QR'000*	*2011 QR'000*
Trade receivables – net of impairment allowances		**2,932,428**	2,466,164
Other receivables and prepayments		**2,594,765**	2,637,416
Unbilled subscriber revenue		**317,984**	346,890
Amounts due from international carriers		**223,386**	301,766
Positive fair value of derivatives contracts	30	**26,397**	63,991
Net prepaid pension costs	26	**548**	848
		6,095,508	5,817,075

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

At 31 December, trade receivables amounting to QR 1,007,404 thousands (2011: QR 893,416 thousands) were impaired and fully provided for.

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

	Note	***2012 QR'000***	*2011 QR'000*
At 1 January		**893,416**	783,646
Derecognition of joint venture		**-**	(14,419)
Acquisition of subsidiary		**-**	28,839
Charge for the year	7	**213,088**	247,370
Amounts written off		**(75,711)**	(116,455)
Amount recovered		**(3,117)**	(30,881)
Related to discontinued operation		**(1,052)**	-
Exchange adjustment		**(19,220)**	(4,684)
At 31 December		**1,007,404**	893,416

At 31 December 2012, the ageing of unimpaired trade receivables is as follows:

			Past due not impaired			
	Total QR '000	*Neither past due nor impaired QR '000*	*< 30days QR '000*	*30-60 Days QR '000*	*60-90 Days QR '000*	*> 90 days QR '000*
2012	**2,932,428**	**1,228,234**	**354,549**	**233,322**	**157,636**	**958,687**
2011	2,466,164	619,672	385,081	446,844	278,190	736,377

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.

21 CASH AND CASH EQUIVALENTS

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

	Note	***2012 QR'000***	*2011 QR'000*
Bank balances and cash	(i)	**15,006,026**	21,249,832
Less:			
Restricted deposits		**(209,787)**	(198,944)
Cash and cash equivalents of continuing operation		**14,796,239**	21,050,888
Cash and cash equivalents of discontinued operation	39	**4,843**	-
Cash and cash equivalents as per consolidated statement of cash flows at 31 December		**14,801,082**	21,050,888

21 CASH AND CASH EQUIVALENTS (CONTINUED)

(i) Bank balances and cash equivalents include fixed deposits maturing after three months amounting to QR 4,648,116 thousands (2011: QR 13,860,975 thousands). The management is of the opinion that these fixed deposits are readily convertible to cash and is held to meet short-term commitments.

(ii) Short term deposits are made for varying periods depending on the immediate cash requirements of the Group and the interest on the respective short term deposit rates range from 0.50% to 9.50% (2011 : 0.35% to 9.75%).

22 SHARE CAPITAL

	2012		*2011*	
	No of shares (000)	***QR'000***	*No of shares (000)*	*QR'000*
Authorised				
Ordinary shares of QR 10 each				
At 1 January	**200,000**	**2,000,000**	200,000	2,000,000
Increase in authorised share capital	**300,000**	**3,000,000**	-	-
At 31 December 2012	**500,000**	**5,000,000**	200,000	2,000,000
Issued and fully paid up				
Ordinary shares of QR 10 each				
At 1 January	**176,000**	**1,760,000**	146,667	1,466,667
Bonus shares issued	**52,800**	**528,000**	29,333	293,333
Right shares issued	**91,520**	**915,200**		-
At 31 December 2012	**320,320**	**3,203,200**	176,000	1,760,000

Authorised share capital
The shareholders resolved at the Annual General Meeting held on 25 March 2012 to increase the authorised share capital by QR 3,000,000 thousands by the creation of 300,000,000 ordinary shares of QR 10 each.

Bonus shares
The Group issued bonus shares of 30% (2010: 20%) of the share capital as at 31 December 2011 amounting to QR 528,000 thousands (2010: QR 293,333 thousands).

Right shares
Subsequent to the Annual General Meeting, the Board of Directors of the Company called for a rights issue of 91,520 thousand shares in the ratio of two shares for every five shares held. The shares were offered at a premium of QR 65 per share on 13 May 2012 and the allotment was made on 24 June 2012. The share premium arising out of the rights issue, net of rights issue expenses amounting to QR 5,940,145 is included in the legal reserve as required by Article 154 of Qatar Commercial Companies Law No: 5 of 2002.

23 RESERVES

a) Legal reserve
In accordance with Qatar Commercial Companies' Law No. 5 of 2002 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 the 2008, an amount of QR 5,494,137 thousands, being the net share premium amount arising out of the rights issue was transferred to legal reserve. During the year, an amount of QR 5,940,145 thousands, 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 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 available-for-sale investments and effective portion of qualifying cash flow hedges.

	2012	*2011*
	QR'000	*QR'000*
Fair value reserve of available for sale investments	**1,077,551**	992,636
Cash flow hedge reserve	**6,943**	(319,793)
	1,084,494	672,843

c) Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in a foreign operation.

d) 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.

24 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Note	*2012 QR'000*	*2011 QR'000*
Available-for-sale investments:			
Net change in fair value of available-for-sale financial assets		**165,890**	261,341
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**2,068**	(1,568)
Impairment loss transferred to profit or loss		**3,745**	25,396
Deferred tax effect		**(36,690)**	-
		135,013	285,169
Cash flow hedges:			
Effective portion of changes in fair value of cash flow hedges		**326,620**	345,951
Deferred tax effect		**(374)**	(1,855)
Ineffective portion of cash flow hedges transferred to income statement	9	**282**	(684)
		326,528	343,412
Associates:			
Share of changes in fair value of cash flow hedges		**1,443**	(2,099)
Translation reserves:			
Foreign currency translation differences - foreign operations		**(1,449,531)**	(403,289)
Foreign currency translation differences – associates		**105,887**	(11,724)
Deferred tax effect		**(241)**	(56)
		(1,343,885)	(415,069)
Other comprehensive (expense) / income for the year - net of tax		**(880,901)**	211,413

25 INTEREST BEARING LOANS AND BORROWINGS

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

		2012 QR'000	*2011 QR'000*
The Company's loans (Parent)			
Loan 1	Aug 2012	**-**	10,924,500
Loan 2	various	**7,283,000**	7,283,000
Loan 3	Mar 2013	**129,497**	-
Loan 4	May 2014	**1,820,750**	-
Subsidiaries' loans			
Qtel International Finance Limited			
Loan 5	Jun 2014	**3,277,350**	3,277,350
Loan 6	Jun 2019	**2,184,900**	2,184,900
Loan 7	Oct 2016	**3,641,500**	3,641,500
Loan 8	Feb 2021	**3,641,500**	3,641,500
Loan 9	Oct 2025	**2,731,125**	2,731,125
Loan 10	Feb 2023	**3,641,500**	-
Omani Qatari Telecommunications Company S.A.O.G.			
Loan 11	Mar 2012	**-**	522,275
Loan 12	Mar 2017	**269,616**	-
National Mobile Telecommunications Company K.S.C. and its subsidiaries			
Loan 13	various	**858,976**	1,175,236
Loan 14	Nov 2013	**-**	21,849
Loan 15	various	**325,850**	260,597
Loan 16	Dec 2013	**258,997**	-
Asiacell Communications PJSC			
Loan 17	Mar 2012	**-**	455,188
Loan 18	-	**-**	573,536
Loan 19	Jun 2015	**728,302**	-
Loan 20	Nov 2015	**364,148**	-
PT Indosat Tbk and its subsidiaries			
Loan 21	Feb 2014	**573,536**	835,724
Loan 22	Nov 2019	**513,345**	586,680
Loan 23	Sep 2012	**-**	401,577
Loan 24	Feb 2014	**112,973**	602,365
Loan 25	Sep 2012	**-**	401,577
Loan 26	Feb 2014	**376,577**	602,365
Loan 27	May 2012	**182,075**	194,290
Loan 28	various	**700,988**	864,861
Loan 29	various	**979,100**	1,044,100
Loan 30	various	**406,704**	433,704
Loan 31	various	**489,550**	522,050
Loan 32	Jul 2020	**2,366,976**	2,366,976
Loan 33	May 2014	**150,631**	160,631

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Year ended 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

		2012	*2011*
		QR'000	*QR'000*
Loan 34	Apr 2013	**214,649**	228,899
Loan 35	various	**-**	80,315
Loan 36	Jun 2019	**451,892**	-
Loan 37	Jun 2022	**564,866**	-
Loan 38	Jun 2014	**112,973**	-
Loan 39	Nov 2014	**149,945**	140,351
Others:			
Loan 40	various	**261,439**	227,729
		39,765,230	46,386,750
Less: Deferred financing costs		**(438,675)**	(463,364)
		39,326,555	45,923,386

Presented in the consolidated statement of financial position as:

	Principal repayment amount	*Deferred financing costs*	*2012*	*2011*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Current portion	**7,373,112**	**(65,198)**	**7,307,914**	13,850,738
Non-current portion	**32,392,118**	**(373,477)**	**32,018,641**	32,072,648
	39,765,230	**(438,675)**	**39,326,555**	45,923,386

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

	2012	*2011*
	QR'000	*QR'000*
At 1 January	**463,364**	590,522
Additions during the year	**138,141**	24,096
Amortised during the year (note 9)	**(155,764)**	(150,761)
Exchange adjustment	**(7,066)**	(493)
At 31 December	**438,675**	463,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
The Company's loans (Parent)					
Loan 1	USD 3.0 billion / QR 10.9 billion	Unsecured	LIBOR *plus* Margin	Refinancing of QR. 9.10 billion old bridge loan facility and general corporate purposes	This loan was fully repaid in August 2012.
Loan 2	USD 2.0 billion / QR 7.3 billion			For general corporate purposes	The loan will mature in 2 tranches of USD 1.25 billion on May 2013 and USD 750.0 million on May 2015.
Loan 3	KD 10.0 million / QR 130.0 million		Central bank of Kuwait discount rate *plus* margin	For general corporate purposes	This is a part of a KD 250.0 million facility, of which KD 10.0 million was drawn down, this loan expires in March 2013.
Loan 4	USD 500 million / QR 1.82 billion		LIBOR *plus* profit	For general corporate purposes	This is an Islamic financing facility based on the principle of commodity Murabaha.
Qatar International Finance Limited					
Loan 5	USD 900.0 million / QR 3.3 billion	Unconditionally and irrevocably guaranteed by Qtel (Parent)	6.50%	For general corporate purposes	In May 2009, the Group established a USD 5.0 billion (QR 18.2 billion) Global Medium Term Note Programme ("Notes") listed on the London Stock Exchange. The Notes were issued in 2 tranches - the first tranch covering Loans 5 and 6 amounting to USD 1.5 billion (QR 5.4 billion) was issued on June 2009. The second tranch covering Loans 7,8 and 9 amounting to USD 2.75 billion (QR 10.0 billion) was issued on October 2010. In December 2012, the Group established a new USD 3.0 billion (QR 10.9 billion) Global Medium Term Note Programme ("Notes") listed on the Irish Stock Exchange. Loan 10 amounting to USD 1.0 billion (QR 3.64 billion) was issued under this programme in Dec 2012
Loan 6	USD 600.0 million / QR 2.2 billion		7.88%		
Loan 7	USD 1.0 billion / QR 3.64 billion		3.38%		
Loan 8	USD 1.0 billion / QR 3.64 billion		4.75%		
Loan 9	USD 750.0 million / QR 2.73 billion		5.00%		
Loan 10	USD 1.0 billion / QR 3.64 billion		3.25%		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Omani Qatari Telecommunications Company S.A.O.G. (Nawras).					
Loan 11	USD 145.0 million / QR 521.0 million	Secured by a charge on the company's dollar proceeds account and the insurance proceeds of property, plant and equipment and corporate guarantees of shareholders of Nawras.	LIBOR Plus Margin	For general corporate purposes	The loan has been fully repaid in Feb 2012.
Loan 12	USD 74.0 million / QR 261.0 million	Unsecured			The total facility was USD 87.0 million entered in Feb 2012, as a five year amortising term loan.
National Mobile Telecommunications Company K.S.C. and subsidiaries					
Loan 13	QR 859.0 million	These loans are secured by pledges on the respective subsidiaries assets.	Algerian Repo rate plus 1.3% to 3.4% per annum and LIBOR plus 1.25% to 4.15% per annum	For general corporate purposes	Repayable in instalments over a period from December 2005 to March 2015.
Loan 14	QR 21.8 million		6 months LIBOR plus 3.5%		The loan has been fully repaid during 2012.
Loan 15	QR 326.0 million		LIBOR plus 5.0% to 5.85% per annum		Repayment of the existing syndicated loan and to finance the build out of its mobile network and the expansion of its existing network.

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At 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
National Mobile Telecommunications Company K.S.C. and subsidiaries (continued)					
Loan 16	QR 259.0 million	Unsecured	1% per annum over the Central Bank of Kuwait discount rate	For general corporate purposes	Repayable in instalments or at maturity by December 2013.
Asiacell					
Loan 17	USD 250.0 million / QR 910.0 million	Unsecured	LIBOR plus 3%	This facility was utilised to finance the settlement of outstanding license costs along with interest and other fees to Communications and Media Commission, Iraq (CMC)	The loan is repayable in 6 equal monthly installments and the first installment was paid on 20 October 2011. The loan balance of USD 125.0 million as at 31 December 2011 was fully repaid in March 2012.
Loan 18	USD 157.5 million QR 573.5 million		9%	For general corporate purposes	This relates to the amounts due to the shareholders of ACL which has been reclassified pursuant to recent capitalization of the company on account of its conversion to a private joint stock company (PJSC). This loan has been fully repaid during 2012. The Company has an option to refinance the loan.
Loan 19	USD 200.0 million QR 728.0 million	Guaranteed by Qtel (Parent)	LIBOR *plus* 1.75%		This loan is repayable in 30 equal monthly instalments.

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At 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Asiacell (continued)					
Loan 20	USD 100.0 million QR 364.0 million	Guaranteed by Qtel (Parent)	LIBOR *plus* 1.40%	For general corporate purposes	This loan is repayable in 30 equal monthly installments.
PT Indosat Tbk and its subsidiaries					
Loan 21	USD 450 million / QR 1.64 billion	Unsecured	US Dollar LIBOR plus 1.9% p.a. for onshore and 1.85% p.a. for offshore lenders	To finance the subsidiary's capital expenditure, purchase of a portion of its Guaranteed notes due on 2010 and 2012 and for general working capital requirements.	The Syndicated US dollar loan facility was signed in June 2008 and is repayable semi-annually over a period of 4 to 5 years. Based on the loan agreement the subsidiary is required to maintain certain loan covenants such as maintaining certain financial ratios.
Loan 22	USD 160.0 million / QR 583.0 million	Unsecured	5.69% p.a.	To finance 85% of the French content under the Palapa D Satellite and 100% of the COFACE premium	12 year - COFACE term facility Payable in twenty semi-annual instalments
	USD 44.0 million / QR 160.0 million		USD LIBOR + 0.35% p.a.	To finance 85% of the launch service contract under the Palapa D Satellite	12 year - SINOSURE term facility Payable in twenty semi-annual installments
Loan 23	IDR 2,000.0 billion / QR 810.0 million		Year 1 - 9.75% Year 2 - 10.5% Year 3 to 5 - JIBOR+1.5%	Purchase of telecommunication equipments	Based on the loan agreement the subsidiary is required to maintain certain covenants, such as maintaining certain financial ratios. This facility was fully repaid during 2012.

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At 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 24	IDR 1,500.0 billion / QR 602.0 million	Unsecured	1-month JIBOR plus 1.25%	To finance the company's operational working capital, capital expenditure and/or refinancing requirements	In June 2011 the company entered into a revolving loan facility agreement. In Dec. 2011 the company drew down from this facility. Based on the facility agreement, the Company is required to comply with certain covenants such as maintaining financial ratios.
Loan 25	IDR 2,000.0 billion / QR 810.0 million		Year 1 - 9.75% Year 2 - 10.5% Year 3 to 5 - JIBOR+1.5%	Purchase of telecommunication equipments and repayment of old loan facility	In September, October and December 2007, the subsidiary made draw downs for the full loan amounts. Based on the loan agreement the subsidiary is required to maintain certain covenants, such as maintaining certain financial ratios. This facility was fully repaid during 2012.
Loan 26	IDR 1,500.0 billion / QR 607.5 million		JIBOR + 1.25% p.a	For general corporate purposes	The revolving time loan had an initial maximum amount of IDR 1,000,000. In December, 2011, the facility was amended to increase the amount up to IDR 1,500,000 and change the interest rate. Each drawdown matures 1 month from the drawdown date. Subsequently, on August 2011, the Company obtained an approval from BCA to amend the maturity date of each drawdown to become at the latest on February 2014
Loan 27	IDR 434.3 billion / QR 174.4 million		8.75% per annum If FX conversion option is opted, starting May 30, 2012, the loan will bear interest at the fixed annual rate of 6.45% applied on the USD 50 million .	Purchase of telecommunication equipments	Based on the loan agreement the subsidiary is required to maintain certain covenants, such as maintaining certain financial ratios.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 28	USD 320.0 billion / QR 1.80 billion	Unsecured	Facility A: Margin of 0.25%, LIBOR, SEK Funding Cost of 1.05% and EKN Premium Margin of 1.58%. Facility B: Margin of 0.05%, Commercial Interest Reference Rate ("CIRR") and EKN Premium Margin of 1.61% Facility C: Margin of 0.05%, CIRR and EKN Premium Margin of 1.61% payable semi-annually.	Purchase of telecommunication equipments	Credit facilities consisting of facilities A,B and C with maximum amounts of US $100.0 million, USD 155.0 million and USD 60.0 million respectively. Loan drawdowns are payable semi-annually
Loan 29	IDR 2,600.0 billion / QR 979.0 million	All assets as pari-passu security	Series A 10.2% and series B 10.65%	For capital expenditure purposes	The loan represents the fifth Indosat bonds and consists of 2 series: Series A amounting to IDR 1,230.0 billion (QR 494.0 million) issued on May 2007 and maturing May 2014; and Series B amounting to IDR 1,370.0 billion (QR 550.0 million) issued on May 2007 and maturing May 2017
Loan 30	IDR 1,080.0 billion (QR 407.0 million)		Series A 10.25% and series B 10.80%	For Capital Expenditure purposes	The loan represents the sixth Indosat bonds and consists of 2 series with BRI as the trustee: Series A amounting to IDR 760.0 billion (QR 305.0 million) issued on April 2008 and maturing on April 2013; and Series B amounting to IDR 320.0 billion (QR 128.5 million) issued on April 2008 and maturing on April 2015. The subsidiary is required to maintain certain financial ratios as required by the loan agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2012

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 31	IDR 1,300.0 billion (QR 490.0 million)		Series A 11.25% and series B 11.75%	Purchase of base station subsystem to expand the subsidiary's cellular network	The loan represents the seventh Indosat bonds consists of 2 series :- Series A amounting to IDR 700.0 billion (QR 281.0 million) issued on December 2009 and maturing on December 2014; and Series B amounting to IDR 600.0 billion (QR 241.0 million) issued on March 2010 and maturing on 8 December 2016. The subsidiary is required to maintain certain financial ratios as required by the loan agreement.
Loan 32	USD 650.0 million QR 2.37 billion	Unconditionally and irrevocably guaranteed	7.375%	For purchase of Guarantee notes maturing in 2010 and 2012 and for refinancing part of the existing facilities	This represents the Guaranteed Notes ("GN") 2020 issued at 99.478% of their principal amount and bear interest at the fixed rate of 7.375% per annum payable semi-annually on 29 January and 29 July of each year, commencing on 29 January 2011. The notes will mature on July 29, 2020. The notes will be redeemable at the option of IPBV, in whole or in part, at any time on or after 29 July 2015 at prices equal to 103.6875%, 102.4583%, 101.2292% and 100% of the principal amount during the 12-month period commencing 29 July 2015, 2016, 2017 and 2018 and thereafter, respectively, plus accrued and unpaid interest. Certain financial ratios to be maintained as part of the covenants.
Loan 33	IDR 400.0 billion QR 150.6 million	All assets as pari-passu security	Yearly QR 16.5 million fixed Ijarah costs	For capital expenditure purposes	Sukuk Ijarah II bonds were issued on May 2007 with BRI as the trustee. Buyback option is embedded at the market price on 1st anniversary (expired). Early settlement option is available at 100% of bonds nominal value on 4th anniversary. Certain financial ratios need to be maintained as part of the covenants.
Loan 34	IDR 570.0 billion QR 215.0 million		Yearly QR 23.7 million fixed Ijarah costs		Sukuk Ijarah III bonds were issued on April 2008 BRI is the trustee. Buyback option is embedded at the market price on the 1st anniversary (expired). Early settlement option available at 100% of bond nominal value on 4th anniversary. Certain financial ratios need to be maintained as part of the covenants.

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25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 35	IDR 200.0 billion QR 81.0 million	Unsecured	Annual fixed Ijarah return. Series A bonds QR 1.2 million and Series B bonds QR 8.1 million	For the purchase of Base Station Subsystem to expand the subsidiary's cellular network.	Sukuk Ijarah IV bonds were issued in year 2009 with BRI as the trustee. Series A bonds amounting to IDR 28.0 billion (QR 11.0 million) with annual fixed Ijarah return totalling IDR 3.1 billion (QR 1.2 million) payable on a quarterly basis starting March 2010 up to December 2014. Series B bonds amounting to IDR 172.0 billion (QR 69.0 million) with annual fixed Ijarah return totaling IDR 20.2 billion (QR 8.1 million) payable on a quarterly basis starting March 2010 up to December 2016. The bonds will mature before maturity date if, after the 1st anniversary of the bonds, the subsidiary exercises its option to buy back part or all of the bonds at market price. These bonds have been repaid in full.
Loan 36	IDR 1,200.0 billion QR 452.0 million		Fixed rate of 8.625% p.a.	For general corporate purposes	Series A Notes (fixed rate bonds) of IDR 1,200.0 billion issued for general corporate purposes.
Loan 37	IDR 1,500.0 billion QR 565.0 million		Fixed rate of 8.875% p.a.		Series B Notes (fixed rate bonds) of IDR 1,500.0 billion issued for general corporate purposes.
Loan 38	IDR 300.0 billion QR 113.0 million		Annual Ijarah payment of QR 9.94 million		Indosat V 2012 Sukuk Ijarah of IDR 300.0 million for general corporate purposes.
Loan 39	QR 149.9 million	Unsecured	1% p.a.	For general corporate purpose	The amount is repayable by 28 November 2016.

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Others - Loan 40

This represents the following facilities as at 31st December 2012:

- Starlink W.L.L. - loan
- Asiacell - Hermes Facility with HSBC
- Indosat - nine year commercial loan
- Indosat - CIMB Niaga 6
- Indosat - Sukuk Ijarah IV year 2009 – Series A
- Indosat - Sukuk Ijarah IV year 2009 – Series B
- Indosat - Lintasarta Limited bonds I
- Indosat - Lintasarta Limited bonds II
- Indosat - BSMI
- MTCL - shareholder loan

Note: IDR represent Indonesian Rupiah

26 EMPLOYEE BENEFITS

	2012 QR'000	2011 QR'000
Employees' end of service benefits	**316,980**	378,869
Post retirement health care plan	**238,273**	223,177
Cash settled share based payments	**162,414**	177,641
Defined benefit pension plan/Labour Law No. 13/2003	**93,886**	78,038
Other employee benefits	**16,636**	14,952
Total employee benefits	**828,189**	872,677
Current portion of cash settled share based payments (refer note 28)	**(81,686)**	(71,515)
Employee benefits – non current	**746,503**	801,162

Movement in the provision for employee benefits are as follows:

	2012 QR'000	2011 QR'000
At 1 January	**872,677**	926,000
Provided during the year	**117,011**	1,476
Paid during the year	**(139,100)**	(55,670)
Exchange adjustment	**(22,399)**	871
At 31 December	**828,189**	872,677

The details of the benefit plans operated by the Group are as follows:

Employees' end of service benefits
One of the Group's subsidiaries PT Indosat TBK provides end of service benefits to their 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. The subsidiaries, Indosat, Satelindo and Lintasarta have defined benefit and defined contribution pension plans covering substantially all of their qualified permanent employees.

Post-retirement healthcare plan
The subsidiary provides post-retirement healthcare benefits to its employees who leave after the employees fulfill the early retirement requirement. The spouse and children who have been officially registered in the administration records of the subsidiary are also eligible to receive benefits. If the employees die, the spouse and children are still eligible for the post-retirement healthcare until the spouse dies or remarries and the children reach the age of 25 or get married.

The utilization of post-retirement healthcare is limited to an annual maximum ceiling that refers to monthly pension from Jiwasraya as follows:

- 16 times the Jiwasraya monthly pension for a pensioner who receives monthly pension from Jiwasraya.
- 16 times the equality monthly pension for a pensioner who became permanent employee after 1 September 2000.
- 16 times the last monthly pension for a pensioner who retired after 1 July 2003 and does not receive Jiwasraya monthly pension.

26 EMPLOYEE BENEFITS (CONTINUED)

Post-retirement healthcare plan (continued)

The net periodic post-retirement healthcare cost for the year ended 31 December 2012 was calculated based on the actuarial valuations as of 31 December 2012. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method and applying the following assumptions:

	2012	*2011*
Annual discount rate	**8.00%**	8.0%
Ultimate cost trend rate	**6.00%**	6.0%
Next year trend rate	**12.00%**	12.0%
Period to reach ultimate cost trend rate	**3 Years**	4 Years

a) The composition of the periodic post-retirement healthcare cost for the year ended 31 December is as follows:

	2012 ***QR'000***	*2011* *QR'000*
Interest cost	**21,171**	28,643
Service cost	**9,644**	10,031
Amortization of unrecognized past service cost	**3,006**	3,778
Amortisation of unrecognised actuarial loss	**1,057**	2,230
Curtailment gain	**-**	(75,526)
Periodic post-retirement healthcare cost	**34,878**	(30,844)

b) The composition of the accrued post-retirement healthcare cost as of 31 December is as follows:

	2012 ***QR'000***	*2011* *QR'000*
Projected benefit obligation	**283,814**	276,200
Unrecognized actuarial loss	**(38,019)**	(41,635)
Unrecognized past service cost	**(2,885)**	(6,185)
Accrued post-retirement healthcare cost	**242,910**	228,380

c) Movements in the accrued post-retirement healthcare cost during the year ended 31 December is as follows:

	2012 ***QR'000***	*2011* *QR'000*
At 1 January	**228,380**	264,859
Net periodic post-retirement healthcare cost	**34,878**	(30,844)
Benefit payment	**(5,066)**	(4,409)
Exchange adjustment	**(15,282)**	(1,226)
Total post retirement healthcare benefits	**242,910**	228,380
Current portion of post retirement healthcare benefits	**(4,637)**	(5,203)
Non-current portion of post retirement healthcare benefits	**238,273**	223,177

26 EMPLOYEE BENEFITS (CONTINUED)

Post-retirement healthcare plan (continued)

d) The effect of 1% change in assumed post-retirement healthcare cost trend rate would result in aggregate service and interest costs for the year ended 31 December and accumulated post-retirement healthcare benefit obligation as of 31 December is as follows:

	2012 ***QR'000***	*2011* *QR'000*
Increase		
Service and interest costs	**48,176**	47,568
Accumulated post-retirement healthcare benefit obligation	**361,171**	339,177
Decrease		
Service and interest costs	**29,944**	29,567
Accumulated post-retirement healthcare benefit obligation	**238,256**	227,544

Defined Benefit Pension Plan/Labour Law No. 13/2003

i) Labour Law No. 13/2003

Indosat, 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.

The net periodic pension cost under the Labor Law for the year ended 31 December 2012 is calculated based on the actuarial valuations as of 31 December 2012. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method and applying the following assumptions:

	2012	*2011*
Annual discount rate	**7.50%**	7.5%
Annual rate of increase in compensation	**8.0% - 9.0%**	8.0% - 9.0%

a) The composition of the periodic pension cost under the Labor Law for the year ended 31 December is as follows:

	2012 ***QR'000***	*2011* *QR'000*
Service cost	**11,954**	12,194
Interest cost	**8,409**	6,600
Amortisation of recognised actuarial loss	**1,788**	297
Amortisation of unrecognised actuarial loss	**269**	7
Curtailment gain	**-**	(14,802)
Periodic pension cost	**22,420**	4,296

26 EMPLOYEE BENEFITS (CONTINUED)

Defined Benefit Pension Plan/Labour Law No. 13/2003 (continued)

i) Labour Law No. 13/2003 (continued)

b) The composition of the accrued pension cost under the Labour Law during the year ended 31 December is as follows:

	2012 *QR'000*	*2011* *QR'000*
Projected benefit obligation	**127,875**	116,913
Unrecognised actuarial loss	**(29,709)**	(33,529)
Unrecognised past service cost	**(2,982)**	(3,458)
Accrued pension cost	**95,184**	79,926
Current portion accrued pension costs	**(1,770)**	(1,888)
Non-current portion accrued pension cost	**93,414**	78,038

ii) Defined Benefit Pension Plan

The subsidiaries, Indosat, Satelindo and Lintasarta provide defined benefit pension plans to their respective employees under which pension benefits to be paid upon retirement are based on the employees' most recent basic salary and number of years of service. PT Asuransi Jiwasraya ("Jiwasraya"), a state-owned life insurance company, manages the plans. Pension contributions are determined by periodic actuarial calculations performed by Jiwasraya.

Based on an amendment dated 22 December 2000 of the subsidiaries pension plan, which was further amended on 29 March 2001, the benefits and premium payment pattern were changed. Before the amendment, the premium was regularly paid annually until the plan would be fully funded and the benefits consisted of retirement benefit (regular monthly or lump-sum pension) and death insurance. In conjunction with the amendment, the plan would be fully funded after making installment payments up to January 2002 of the required amount to fully fund the plan determined as of 1 September 2000. The amendment also includes an additional benefit in the form of thirteenth-month retirement benefit, which is payable annually 14 days before Idul Fitri ("Moslem Holiday").

The amendment covers employees registered as participants of the pension plan as of 1 September 2000 and includes an increase in basic salary pension by 9% compounded annually starting from 1 September 2001. The amendment also stipulates that there will be no increase in the premium even in cases of mass employee terminations or changes in marital status.

The total premium installments based on the amendment amounted to QR 133,685 thousands (2011:QR 142,560 thousands) and were paid on due dates.

On 1 March 2007, one of the subsidiary entered into an agreement with Jiwasraya to provide defined death insurance plan to 1,276 employees as of 1 January 2007, who are not covered by the defined benefit pension plan as stated above. 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.

26 EMPLOYEE BENEFITS (CONTINUED)

ii) Defined Benefit Pension Plan (continued)

On 25 June 2003, Satelindo entered into an agreement with Jiwasraya to amend the benefits and premium payment pattern of the former's pension plan. The amendment covers employees registered as participants of the pension plan as of 25 December 2002 up to 25 June 2003. Other new conditions include the following:

- An increase in pension basic salary at 6% compounded annually starting from 25 December 2002.
- Thirteenth-month retirement benefit, which is payable annually 14 days before Idul Fitri.
- An increase in periodic payment of retirement benefit at 6% compounded annually starting one year after receiving periodic retirement benefit for the first time.
- If the average annual interest rate of time deposits of government banks exceeds 15%, the participants' retirement benefit will be increased by a certain percentage in accordance with the formula agreed by both parties.

On 15 April 2005, Lintasarta entered into an agreement with Jiwasraya to replace their existing agreement. Based on the new agreement, the benefits and premium payment pattern were changed. This agreement is effective starting 1 January 2005. The total premium installments based on the agreement amounted to QR 23,206 thousands (2011: QR 24,746 thousands) which is payable in 10 annual installments starting 2005 until 2015.

The new agreement covers employees registered as participants of the pension plan as of 1 April 2003. The conditions under the new agreement include the following:

- An increase in pension basic salary by 3% (previously was estimated at 8%) compounded annually starting 1 April 2003.
- An increase in periodic payment of retirement benefit at 5% compounded annually starting one year after receiving periodic retirement benefit for the first time.
- If the average annual interest rate of time deposits of government banks exceeds 15%, the participants' retirement benefit will be increased by a certain percentage in accordance with the formula agreed by both parties.

On 2 May 2005, Lintasarta entered into an agreement with Jiwasraya to amend the above agreement. The amendment covers employees registered as participants of the pension plan as of 1 April 2003 up to 30 November 2004 with additional 10 annual premium installments totalling QR 622 thousands (2011: QR 663.8 thousands) which are payable starting 2005 until 2015.

The contributions made by Lintasarta to Jiwasraya amounted to QR 3,635 thousands for the year ended 31 December 2012 (2011: QR 3,876 thousands).

The net periodic pension cost for the pension plans for the year ended 31 December 2012 is calculated based on the actuarial valuations as of 31 December 2012. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method and applying the following assumptions:

	2012	*2011*
Annual discount rate	**7.0% - 7.5%**	7.0% - 7.5%
Expected annual rate of return on plan assets	**4.5% - 9.0%**	4.5% - 9.0%
Annual rate of increase in compensation	**3.0% - 9.0%**	3.0% - 9.0%
Mortality rate	**TMI 1999**	TMI 1999

26 EMPLOYEE BENEFITS (CONTINUED)

ii) Defined Benefit Pension Plan (continued)

a) The composition of the net periodic pension cost for the year ended 31 December is as follows:

	2012 QR'000	*2011 QR'000*
Interest cost	**12,453**	19,928
Service cost	**11,351**	12,880
Settlement cost	**-**	1,934
Amortisation of unrecognised actuarial loss	**460**	496
Return on plan assets	**(16,504)**	(21,689)
Curtailment gain	**-**	(6,926)
Net periodic pension cost	**7,760**	6,623

b) The funded status of the plans as of 31 December is as follows:

	2012 QR'000	*2011 QR'000*
Plan assets at fair value	**224,234**	216,411
Projected benefit obligation	**(197,461)**	(185,960)
Excess of plan assets over projected benefit obligation	**26,773**	30,451
Unrecognised actuarial loss	**9,323**	11,832
Total prepaid pension cost	**36,096**	42,283

c) Movement in the prepaid pension cost during the year ended 31 December was as follows:

	Note	***2012 QR'000***	*2011 QR'000*
At 1 January		**42,283**	45,873
Net periodic pension cost		**(7,760)**	(6,623)
Refund		**-**	(826)
Contribution		**3,968**	4,028
Exchange adjustment		**(2,395)**	(169)
At 31 December		**36,096**	42,283
Presented in the consolidated statement of financial position as follows:			
Current portion	20	**548**	848
Long-term portion	17	**35,548**	41,435
		36,096	42,283

Plan assets as of 31 December 2012 principally consisted of time deposits, debt securities, long-term investment in shares of stock and property.

26 EMPLOYEE BENEFITS (CONTINUED)

iii) Defined Contribution Pension Plan (continued)

In May 2001 and January 2003, the subsidiary PT Indosat Tbk and Satelindo assisted their employees in establishing their respective employees' defined contribution pension plans, in addition to the defined benefit pension plan as mentioned above. Starting June 2004, the subsidiary also assisted ex-IM3 employees in establishing their defined contribution pension plan. Under the defined contribution pension plan, the employees contribute 10% - 20% of their basic salaries, while the subsidiary does not contribute to the plans. Total contributions of employees for the year ended 31 December 2012 amounted to QR 18,767 thousands (2011: QR 17,553 thousands). The plan assets are being administered and managed by seven financial institutions appointed by the subsidiary, based on the choice of the employees.

27 OTHER NON-CURRENT LIABILITIES

	Note	***2012 QR'000***	*2011 QR'000*
Ministry of Communication and Technology ('MOCIT') Indonesia	(i)	**727,121**	939,596
Ministry of Telecommunications and Information Technology- Palestine		**197,903**	197,903
Telecommunications Regulatory Commission ("TRC") Jordan	(ii)	**-**	21,838
Site restoration provision	(iii)	**47,474**	59,485
Finance lease liabilities	(iv)	**1,195,349**	49,354
Deferred gain – non current portion	(v)	**455,914**	-
Others		**52,709**	57,109
		2,676,470	1,325,285

(i) This amount represents the amounts payable to the Ministry of Communication and Technology with respect to the 3G license and Broadband Wireless Access (WDA) and amounting to QR 682,018 thousands (2011: QR 883,482 thousands) and QR45,103 thousands (2011: QR 56,114 thousands) respectively. The 3G license was obtained in two phases, the first during the year 2006 and the second in 2009. The payment terms of the amount outstanding is based on a payment scheme considering the auction prices while obtaining the respective license and is subject to interest at the Certificate of Bank of Indonesia rate.

(ii) Amounts payable to TRC in 2011 represents the fair value of obtaining the Radio Spectrum License by a subsidiary in the Hashemite Kingdom of Jordan. As agreed with TRC, the subsidiary should settle the license costs amounting to QR 36,512 thousands in annual installments of QR 4,348 thousands bearing a compound interest rate of 9%. In 2012, this has been shown under discontinued operation, note 39.

(iii) This amount represents the site restoration provision in the books of its subsidiaries as of the reporting date. The subsidiaries are committed to restore each site as it is vacated.

(iv) This represents the obligation under the finance leases of some of the Group's subsidiaries. (refer note 31).

(v) This represents the deferred gain on the sale and leaseback of tower slots.

28 TRADE AND OTHER PAYABLES

	Note	***2012 QR'000***	*2011 QR'000*
Trade payables		**3,034,702**	3,400,641
Accrued expenses		**4,243,915**	4,079,854
Interest payable		**374,913**	483,476
License costs payable		**-**	2,553
Amounts due to international carriers		**369,798**	368,396
Negative fair value of derivatives	30	**30,696**	382,251
Finance lease liabilities	31	**110,322**	9,221
Cash settled share based payments	26	**81,686**	71,515
Other payables		**2,725,962**	2,419,903
		10,971,994	11,217,810

Included in other payables is an amount of QR 370,055 thousands (2011: QR 358,515 thousands) due to a Saudi operator for the usage of network which is net of costs incurred to setup and install the network equipment in the Saudi operator's facilities as per the BOT agreement.

29 DIVIDEND AND BONUS SHARES

Dividend paid and proposed

	2012	*2011*
	QR'000	*QR'000*
Declared, accrued and paid during the year		
Final dividend for 2011, QR 3 per share (2010 : QR 5 per share)	**528,000**	733,333
Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December)		
Final dividend for 2012, QR 5 per share (2011 : QR 3 per share)	**1,601,600**	528,000

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

Bonus shares:
During 2012, the Company issued bonus shares of 30% of the share capital as at 31 December 2011 amounting to QR 528,000 thousands.

30 DERIVATIVE FINANCIAL INSTRUMENTS

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	
	2012	*2011*
	QR'000	*QR'000*
Cross currency swaps	**243,981**	365,971
Currency forward contracts	**1,175,432**	977,369
Interest rate swaps	**1,224,407**	1,715,099
	2,643,820	3,058,439

	Fair values			
	2012		*2011*	
	Positive QR'000	***Negative QR'000***	*Positive QR'000*	*Negative QR'000*
Cross currency swaps	**11,262**	**-**	8,890	2,803
Currency forward contracts	**15,135**	**33**	55,101	67
Interest rate swaps	**-**	**30,594**	-	52,691
	26,397	**30,627**	63,991	55,561

Cash flow hedges
The Group has several interest rates swap and basis swap agreements with a view to limit its floating interest rate exposure on its term loans. Under the interest rate swap arrangements, the Group will pay an agreed fixed interest rate and receive floating interest rates based on USD LIBOR.

The swap arrangements qualify for hedge accounting under IAS 39, the hedging relationship and objective, including details of the hedged items and hedging instruments are formally documented as the transactions are accounted as cash flow hedges.

30 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges (continued)

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

	Negative fair value	*Positive fair value*	*Notional Amounts*
	QR'000	*QR'000*	*QR'000*
Interest rate swaps			
31 December 2012	**69**	**-**	**80,210**
31 December 2011	326,690	-	23,568,106

31 COMMITMENTS

Capital expenditure commitments

	2012	*2011*
	QR'000	*QR'000*
Property, plant and equipment		
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**4,027,236**	2,660,417
Intangible assets		
For the acquisition of Palestine mobile license	**581,383**	575,558

Operating lease commitments

	2012	*2011*
	QR'000	*QR'000*
Future minimum lease payments:		
Not later than one year	**175,771**	208,731
Later than one year and not later than five years	**511,778**	489,708
Later than five years	**222,572**	248,370
Total operating lease expenditure contracted for at 31 December	**910,121**	946,809

Finance lease commitments

		2012	*2011*
		QAR'000	*QAR'000*
Amounts under finance leases:			
Minimum lease payments:			
Not later than one year		**252,976**	9,611
Later than one year and not later than five years		**953,073**	29,381
Later than five years		**835,920**	20,275
		2,041,969	59,267
Less: unearned finance income		**(736,298)**	(692)
Present value of minimum lease payments		**1,305,671**	58,575
Present value of minimum lease payments:	*Note*		
Current potion	28	**110,322**	9,221
Non-current portion	27	**1,195,349**	49,354
		1,305,671	58,575

The average effective interest rate contracted approximates in range of 2.5% to 7.6% per annum (2011: 2.5% per annum).

32 CONTINGENT LIABILITIES

	2012	*2011*
	QR'000	*QR'000*
Letters of guarantees	**308,557**	408,594
Letters of credit	**113,911**	17,213
Claims against the Group not acknowledged as debts	**2,675**	43,386

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

Tax demand notices against Asiacell
In April 2012, one of the Group's subsidiaries, Asiacell Communication PJSC ("ACL") was issued a tax demand notice amounting to QR 245 million (equivalent to US$ 67.3 million) by the General Commission for Taxes, Iraq for the years 2004, 2005, 2006 and 2007. In accordance with tax regulations in Iraq, ACL had paid 25% of the tax demand amount which is recorded in the consolidated financial statements as income tax paid in advance.

In May 2012, the General Commission for taxes also issued a tax demand notice to ACL for employees' income tax amounting to QR 53.5 million (equivalent USD 14.7 million) for the years 2003, 2004, 2005,2006 and 2007. Based on a revised tax claim received from the General Commission for taxes, ACL has accepted the tax claims for all years other than 2006 for which the tax claimed is QR. 18 million (equivalent USD 4.95 million).

Further in September 2012, ACL received another tax demand notice for employees' income tax amounting to QR 55.7 million (equivalent USD 15.3 million) for the years 2009, 2010 and 2011.

ACL management is of the view that the Company has strong grounds to challenge the tax claims under objection and believes that amount provided in the financials is sufficient and accordingly no further provision is considered necessary in the consolidated financial statements.

Proceedings against Indosat MegaMedia relating to misuse of radio frequencies
In early 2012, the Attorney General's Office in Jakarta (the ''AGO'') initiated corruption proceedings against Indosat MegaMedia (''IM2''), a 99 per cent owned subsidiary of PT Indosat TBK, a subsidiary of the Group, for unlawful use of radio frequency band allocation that had been granted to Indosat. These proceedings were initiated pursuant to a report from the Indonesian Telecommunication Consumer NGO, which alleged that Indosat had avoided paying certain taxes by unlawfully allowing IM2 usage of its 3G spectrum in 2006.

Indosat and IM2 are contesting the allegations on the basis that IM2 was lawfully using Indosat's telecommunication network, rather than its radio frequency band, as alleged. If the AGO determines that Indosat has a case to answer, the proceedings will be transferred to the Court. Accordingly, no liability or provision is made in these consolidated financial statements in relation with these claims.

Proceedings against Wataniya relating to misuse of network infrastructure
The Ministry of Communications in Kuwait initiated unjust enrichment proceedings against one of the Group's subsidiaries, Wataniya under Article 262 of the Kuwaiti Civil Code, alleging unlawful use of the Ministry's network infrastructure since 1999. Wataniya's management believes that it has strong grounds to challenge these allegations and the proceedings are currently pending before the Kuwaiti Court of Appeal, with the next hearing in connection with the case to be held on 12 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2012

33 FINANCIAL RISK MANAGEMENT

Objectives and policies

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

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

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

Market risk

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

Interest rate risk

The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, loans receivable, available-for-sale debt instruments, interest bearing loans 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 2012, after taking into the effect of interest rate swaps, approximately 66% of the Group's borrowings are at a fixed rate of interest (2011: 73%).

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

	Consolidated income statement	*Equity*
	+25b.p	*+25 b. p*
	QR'000	*QR'000*
At 31 December 2012	**(30,349)**	201
USD LIBOR	**(3,206)**	**-**
Others		
At 31 December 2011		
USD LIBOR	(25,421)	29,788
Others	(5,934)	-

33 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.

	2012 QR'000 Assets (Liabilities)	*2011 QR'000 Assets (Liabilities)*
Indonesian Rupiah (IDR)	**4,241,922**	3,799,610
Kuwaiti Dinar (KD)	**7,913,787**	6,266,327
US Dollars (USD)	**(4,069,510)**	(6,988,248)
Euro	**(267,191)**	(379,798)
Great British Pounds (GBP)	**(4,011)**	(5,073)
Tunisian Dinar (TND)	**9,065,188**	4,108,410
Algerian Dinar (DZD)	**3,672,291**	3,524,888
Others	**95,423**	(506,210)

The US Dollar denominated balances are not considered to represent a significant currency risk as Qatari Riyal is pegged to US Dollar.

The following table demonstrates the sensitivity to consolidated income statement 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 income statement		*Effect on equity*	
	2012 +10 % QR'000	*2011 +10% QR'000*	***2012 +10 % QR'000***	*2011 +10% QR'000*
Indonesian Rupiah	**-**	-	**424,192**	379,961
Kuwaiti Dinar	**-**	-	**791,379**	626,633
Tunisian Dinar	**-**	-	**906,519**	410,841
Algerian Dinar	**-**	-	**367,229**	352,489
US Dollars	**(406,951)**	(698,825)	**-**	-
Euro	**(26,719)**	(37,980)	**-**	-
Great British Pounds	**(402)**	(508)	**-**	-

33 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 QR'000	*Effect on equity QR'000*
2012		
Qatar Exchange (QE)	**+10%**	**51,453**
Kuwait Stock Exchange (KSE)	**+15%**	**4,166**
Indonesia Stock Exchange (IDX)	**+10%**	**51,478**
2011		
Qatar Exchange (QE)	+10%	53,406
Kuwait Stock Exchange (KSE)	+15%	4,191

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated income statement will be impacted.

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, available-for-sale debt instruments and loans receivable and positive fair value of derivatives.

The Group provides telecommunication services to various parties. It is the Group's policy that all customers who wish to obtain 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:

	2012 QR'000	*2011 QR'000*
Qatar	**878,510**	666,301
Other countries	**2,053,918**	1,799,863
	2,932,428	2,466,164

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

	2012 QR'000	*2011 QR'000*
Available-for-sale debt instruments	**126,717**	119,612
Bank balances (excluding cash)	**14,936,469**	21,191,375
Positive fair value of derivatives	**26,397**	63,991
Amounts due from international carriers	**223,386**	301,766
Unbilled subscriber revenue	**317,984**	346,890
Other non-current assets	**149,956**	140,341
	15,780,909	22,163,975

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)
The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks, 64% of bank balances represents balances maintained with local banks in Qatar with a rating of atleast BBB+. Credit risk arising from derivative financial instruments is at any time, limited to those with positive fair values, as recorded on the consolidated statement of financial position. With gross settled derivatives, the Group is also exposed to settlement risk.

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 Groups own reserves and bank facilities. The Group's terms of sales require amounts to be paid within 30 days from the invoiced date.

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

	On demand QR'000	*Less than 1 year QR'000*	*1 to 2 years QR'000*	*2 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
At 31 December 2012						
Interest bearing loans and borrowings	**-**	**9,290,975**	**9,349,494**	**12,166,845**	**19,112,391**	**49,919,705**
Trade payables	**-**	**3,034,702**	**-**	**-**	**-**	**3,034,702**
License costs payable	**-**	**230,869**	**412,956**	**409,780**	**92,638**	**1,146,243**
Finance lease liabilities	**-**	**252,976**	**252,976**	**700,097**	**835,920**	**2,041,969**
Other financial liabilities	**-**	**482,180**	**128,202**	**-**	**-**	**610,382**
	-	**13,291,702**	**10,143,628**	**13,276,722**	**20,040,949**	**56,753,001**

	On demand QR'000	*Less than 1 year QR'000*	*1 to 2 years QR'000*	*2 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
At 31 December 2011						
Interest bearing loans and borrowings	-	15,689,678	8,452,475	17,539,150	16,426,944	58,108,247
Trade payables	-	3,400,641	-	-	-	3,400,641
License costs payable	-	267,451	250,347	765,784	216,366	1,499,948
Finance lease liabilities	-	9,611	9,611	19,770	20,275	59,267
Other financial liabilities	-	822,162	165,611	-	-	987,773
	-	20,189,543	8,878,044	18,324,704	16,663,585	64,055,876

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 end 31 December 2012 and 31 December 2011.

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

Capital includes share capital, legal reserve, other statutory reserves and retained earnings and is measured at QR 26,048,727 thousands at 31 December 2012 (2011: QR 18,796,880 thousands).

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*	
	2012 QR'000	*2011 QR'000*	***2012 QR'000***	*2011 QR'000*
Financial assets				
Available-for-sale investments	**2,633,650**	2,189,939	**2,633,650**	2,189,939
Other non-current assets	**149,956**	140,341	**149,956**	140,341
Trade and other receivables	**3,500,195**	3,178,811	**3,500,195**	3,178,811
Bank balances and cash	**15,006,026**	21,249,832	**15,006,026**	21,249,832
Financial liabilities				
Interest bearing loans and borrowings	**39,765,230**	46,386,750	**38,833,382**	46,510,722
Other non-current liabilities	**925,024**	1,159,337	**925,024**	1,159,337
Finance lease liabilities	**1,305,671**	58,575	**1,305,671**	58,575
Trade and other payables	**6,617,757**	7,128,735	**6,617,757**	7,128,735
Income tax payable	**505,019**	425,221	**505,019**	425,221

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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 unquoted investments, loans from banks and other financial indebtedness, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates applicable for similar risks and maturity profiles. Fair values of unquoted financial assets are estimated using appropriate valuation techniques.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts 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.

34 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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 (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

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

Financial assets

	2012 QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Available- for- sale investments	**2,487,224**	**1,180,177**	**1,237,923**	**69,124**
Derivative financial instruments	**26,397**	**-**	**26,397**	**-**
	2,513,621	**1,180,177**	**1,264,320**	**69,124**

	2011 QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Available- for- sale investments	2,016,343	677,983	1,244,945	93,415
Derivative financial instruments	63,991	-	63,991	-
	2,080,334	677,983	1,308,936	93,415

Financial liabilities

	2012 QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Derivative financial instruments	**30,696**	-	**30,696**	**-**

	2011 QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Derivative financial instruments	382,251	-	382,251	-

The following table shows a reconciliation of the opening and closing amount of Level 3 financial instruments which were recorded at fair value:

	2012 QR'000	*2011 QR'000*
At 1 January	**93,415**	117,879
Loss to consolidated income statement	**(23,128)**	-
Revaluation loss transferred to fair value reserve	**-**	(2,073)
Sales	**-**	(23,751)
Exchange differences	**(1,163)**	1,360
At 31 December	**69,124**	93,415

35 RELATED PARTY DISCLOSURES

Related party transactions and balances
Related parties include associated companies including Government and semi Government agencies, associates (refer note 15), 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 has significant transactions with the Government of Qatar. In addition, the Group enters into commercial transactions with other Government related entities in the ordinary course of business which includes of providing telecommunication services, placement of deposits and obtaining credit facilities. In the 2011, the Company has settled the dividend and royalty fees amounting to QR 2,785,378 thousands which was included in the current account with the State of Qatar. The remaining outstanding balance of QR 532,557 thousands is included in other payables.

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

Directors' remuneration of QR10,700 thousands was proposed for the year ended 31 December 2012 (2011: QR 10,700 thousands). In addition, an amount of QR 780 thousands (2011: QR 780 thousands) was provided to members of the Committees of the Board of Directors. The compensation and benefits related to key management personnel amounted to QR 155,491 thousands (2011: QR 133,935 thousands) and end of service benefits amounted to QR 19,521 thousands (2011: QR 41,087 thousands). The remuneration to the Board of Directors has been included under the caption "employees salaries and associated costs" in Selling, general and administration expenses in note 7.

36 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

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 after considering the expected usage of the asset, technical or commercial obsolescence.

Classification of investment securities
On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through consolidated income statement" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. All investments are classified as "available-for-sale".

Impairment of available-for-sale equity investments
The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20-30% or more and 'prolonged' greater than nine (9) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

36 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Fair value of unquoted equity investments
Where the fair value of financial assets and financial liabilities recorded in the 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 unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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

Impairment of trade receivables
An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Presentation: gross versus net
When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost.

Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis with revenue representing the margin earned.

Business combinations
The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity.

The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the income statement.

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.

36 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Revenue recognition – fair value determination for customer loyalty programmes
The Group estimates the fair value of points awarded under the customer loyalty programme estimating the weighted average cost for redemption of the points. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

Hedge effectiveness for cash flow hedges
Management reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be effective. The fair values of the interest rate swaps and basis swaps are determined based on future expected LIBOR rates.

37 SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker 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 in 17 countries which are considered by the Group to be one international operating segment. Revenue is attributed to an operating segment based on the location of the Group companies reporting the revenue. 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. *Qtel* is a provider of domestic and international telecommunication services within the State of Qatar;

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

3. *Wataniya* is a provider of mobile telephone and pager systems and services in Kuwait and elsewhere in the Middle East and North African (MENA) region;

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

5. *Nawras* is a provider of mobile telecommunication services in Oman and has been awarded a license to operate fixed telecommunication services; and

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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37 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 2012 and 2011:

Year ended 31 December 2012

	Qtel QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*		*Total QR'000*
Revenue									
Third party	6,126,045	6,807,962	9,543,258	8,777,513	1,899,583	559,850	-		33,714,211
Inter-segment	94,052	70,149	140,216	26,467	7,557	117,179	(455,620)	(i)	-
Total revenue	**6,220,097**	**6,878,111**	**9,683,474**	**8,803,980**	**1,907,140**	**677,029**	**(455,620)**		**33,714,211**
Results									
Segment profit before tax	**1,711,049**	**2,493,623**	**1,875,474**	**228,809**	**454,060**	**(330,562)**	**(739,068)**	(ii)	**5,693,385**
Depreciation and amortisation	**681,992**	**942,979**	**1,630,387**	**3,339,677**	**310,240**	**106,771**	**690,149**	(iii)	**7,702,195**
Finance costs (net)	**86,374**	**49,499**	**60,868**	**887,368**	**12,795**	**824,054**	**-**		**1,920,958**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2012

37 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2011

	Qtel QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*		*Total QR'000*
Revenue									
Third party	5,590,591	5,859,891	9,526,760	8,526,287	1,932,305	309,096	-		31,744,930
Inter-segment	113,775	73,935	115,628	23,780	6,849	170,298	(504,265)		-
Total revenue	5,704,366	5,933,826	9,642,388	8,550,067	1,939,154	479,394	(504,265)	(i)	31,744,930
Results									
Segment profit before tax	1,506,855	2,010,793	3,643,298	495,667	566,881	(622,546)	(714,845)		6,886,103
Depreciation and amortisation	652,536	810,090	1,574,449	2,905,305	265,467	66,573	714,845	(ii)	6,989,265
Finance costs (net)	46,160	91,882	83,214	786,389	30,305	862,570	-		1,900,520

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

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

	2012 QR'000	*2011 QR'000*
Amortization of intangibles	**(690,149)**	(714,845)
Impairment of intangibles	**(48,919)**	-
	(739,068)	(714,845)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2012

37 SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 31 December 2012 and 2011.

	Qtel QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*	*Total QR'000*
Segment assets (i)								
At 31 December 2012	**18,192,813**	**8,432,088**	**25,917,717**	**23,302,016**	**2,924,356**	**3,127,418**	**12,332,621**	**94,229,029**
At 31 December 2011	27,427,866	8,004,974	26,002,367	23,937,514	2,832,775	1,405,299	12,723,482	102,334,277
Capital expenditure (ii)								
At 31 December 2012	**764,022**	**815,869**	**2,447,310**	**3,568,059**	**585,134**	**76,717**	**-**	**8,257,111**
At 31 December 2011	1,129,661	989,096	1,847,196	2,451,670	386,877	73,070	-	6,877,570

(i) Goodwill amounting to QR 12,332,621 thousands (31 December 2011: QR 12,723,482 thousands) was not considered as part of segment assets as goodwill is not used by the Chief Decision Making officers for strategic decision making purposes .

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

38 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 38,119 thousands (2011: QR 32,313 thousands) representing 2.5% of the net profit generated from Qatar Operations.

39 DISCONTINUED OPERATION

In December 2012, one of the Group's subsidiaries wi-tribe Limited- Jordan P.S.C. ceased its operations and accordingly this has been classified as a discontinued operation in accordance with IFRS 5. The consolidated income statements and statement of cash flow for the comparative year have been represented to disclose the discontinued operation separately from continuing operations.

Results of discontinued operations	***2012*** ***QR'000***	*2011* *QR'000*
Revenue	**17,193**	20,416
Operating expenses	**(11,102)**	(8,827)
Selling, general and administrative expenses	**(16,584)**	(16,268)
Depreciation and amortization	**(55,935)**	(25,439)
Finance costs – net	**(2,135)**	(1,795)
Other income (expense) – net	**394**	-
Loss for the year	**(68,169)**	(31,913)

Of the loss from discontinued operations of QR 68,169 thousand (2011: QR 31,913 thousand), an amount of QR 58,721 thousand is attributable to the shareholders of the parent (2011: QR 27,490 thousand).

Of the profit from continuing operations of QR 4,717,838 thousand (2011: QR 5,975,107 thousand), an amount of QR 3,002,435 thousand is attributable to the shareholders of the parent (2011: QR 2,633,040 thousand).

Cash flows from (used in) discontinued operations	***2012*** ***QR'000***	*2011* *QR'000*
Net cash used in operating activities	**(15,289)**	(6,888)
Net cash from investing activities	**(5,385)**	(14,264)
Net cash from financing activities	**23,627**	13,922
Net cash flows for the year	**2,953**	(7,230)

Financial position of discontinued operation	***2012*** ***QR'000***	*2011* *QR'000*
Assets		
Property, plant and equipment	**513**	-
Trade and other receivables	**1,148**	-
Cash and cash equivalents	**4,843**	-
Assets held for distribution	**6,504**	-
Liabilities		
Trade and other payables	**(30,882)**	-
Deferred income	**(5,776)**	-
Liabilities held for distribution	**36,658**	-
Net liabilities	**(30,154)**	-

40 COMPARATIVE INFORMATION

Reclassification of comparative financial statements
Corresponding figures for 2011 have been reclassified in order to conform with the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or shareholder’s equity.

	As reclassified QR’000	*As reported in 2011 QR’000*
Consolidated income statement		
Operating expenses	9,446,900	9,958,384
Selling, general and administrative expenses	7,470,631	6,959,147
Consolidated statement of financial position		
Investment in associates	1,731,692	1,591,341
Interest bearing loans and borrowings - non-current	32,072,648	31,932,297

41 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Asiacell IPO
On 3 January 2013, one of the group subsidiaries’ Asiacell announced an Intial Public Offer (IPO), offering 25% of the shares of Asiacell equal to 67.5 billion shares to the public at a minimum price of 22 Iraqi Dinar per share. By February 2, 2013, all of the offered shares were covered by orders, and the trading on the shares started in the Iraq Stock Exchange (ISX) on February 3, 2013. The Group acquired an additional stake of 10.2% as part of IPO, with this, the Group’s effective interest increased from 53.9% to 64.1%.

Notes issued under Global Medium Term Note Programme (“GMTN”)
In January 2013, the Group issued a further QR 3.64 billion (USD 1 billion) under its GMTN programme established in December 2012 which is listed on the Irish Stock Exchange. The notes were issued in 2 tranches of QR 1,821 million (USD 500 million) at an interest rate of 3.875% and 4.5% respectively.

QATAR TELECOM (QTEL) Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2011

CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2011

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Independent auditors' report

To
The shareholders
Qatar Telecom (Qtel) Q.S.C.
Doha
State of Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Qatar Telecom (Qtel) Q.S.C. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statements of income, comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

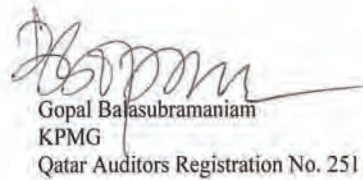
KPMG, is a registered firm under Qatar law, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Other matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 were audited by another auditor whose report dated 1 March 2011 expressed an unqualified audit opinion.

Report on other legal requirements

We have obtained all the information and explanation which we considered necessary for the purpose of our audit. The Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. A physical count of inventory has been conducted in accordance with the established principles. We have reviewed the accompanying report of the board of directors and confirm that the financial information contained thereon is consistent with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No 5 of 2002 or the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its consolidated financial position as of 31 December 2011.



04 March 2012
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2011

	Note	***2011 QR'000***	*2010 QR'000*
Revenue	5	**31,765,346**	27,376,582
Operating expenses	6	**(9,958,384)**	(8,734,647)
Selling, general and administrative expenses	7	**(6,959,147)**	(6,047,570)
Depreciation and amortisation	8	**(7,014,704)**	(6,317,416)
Finance costs (net)	9	**(1,902,315)**	(1,804,387)
Impairment of intangibles and available-for-sale investments	17, 39	**(221,516)**	(46,250)
Gain on previously held interest in an acquired subsidiary	4.1	**1,442,831**	-
Other income (expenses) – net	10	**71,196**	657,611
Share of results of associates	16	**(56,879)**	(129,636)
Royalties and fees	11	**(312,238)**	(320,815)
Net profit before income taxes		**6,854,190**	4,633,472
Income tax	19	**(910,996)**	(545,550)
Net profit for the year		**5,943,194**	4,087,922
Attributable to:			
Shareholders of the Parent		**2,605,550**	2,887,843
Non-controlling interests		**3,337,644**	1,200,079
		5,943,194	4,087,922
Basic and diluted earnings per share (Attributable to shareholders of the Parent) (Expressed in QR per share)	12	**14.80**	16.41

The attached notes 1 to 43 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	***2011 QR'000***	*2010 QR'000*
Net profit for the year		**5,943,194**	4,087,922
Other comprehensive income			
Net changes in fair value of available-for-sale investments	25	**285,169**	248,995
Effective portion of changes in fair value of cash flow hedges	25	**343,412**	3,748
Exchange differences on translation of foreign operations	25	**(415,069)**	1,053,835
Share of other comprehensive (expense) / income of associates	25	**(2,099)**	1,473
Other comprehensive income for the year		**211,413**	1,308,051
Total comprehensive income for the year		**6,154,607**	5,395,973
Attributable to:			
Shareholders of the Parent		**3,034,048**	3,948,758
Non-controlling interests		**3,120,559**	1,447,215
Total comprehensive income for the year		**6,154,607**	5,395,973

The attached notes 1 to 43 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2011

	Note	*2011 QR'000*	*2010 QR'000*
ASSETS			
Non-current assets			
Property, plant and equipment	13	**33,065,098**	32,172,984
Intangible assets	14	**36,741,077**	33,279,183
Investment in associates	16	**1,591,341**	2,126,315
Available-for-sale investments	17	**2,189,939**	1,862,006
Other non-current assets	18	**910,238**	967,889
Deferred tax asset	19	**286,776**	357,998
Total non-current assets		**74,784,469**	70,766,375
Current assets			
Inventories	20	**342,550**	316,584
Accounts receivable and prepayments	21	**5,817,075**	4,739,950
Bank balances and cash	22	**21,249,832**	25,575,667
Total current assets		**27,409,457**	30,632,201
TOTAL ASSETS		**102,193,926**	101,398,576
EQUITY			
Share capital	23	**1,760,000**	1,466,667
Legal reserve	24 (a)	**6,494,137**	6,494,137
Fair value reserve	24 (b)	**672,843**	49,996
Translation reserve	24 (c)	**1,586,124**	1,780,473
Other statutory reserves	24 (d)	**706,036**	404,580
Retained earnings		**9,836,707**	8,834,207
Attributable to shareholders of the Parent		**21,055,847**	19,030,060
Non-controlling interests		**18,336,947**	15,196,832
Total equity		**39,392,794**	34,226,892

Continued…………

The attached notes 1 to 43 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2011

	Note	2011 QR'000	2010 QR'000
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	26	**31,932,297**	43,742,821
Employees benefits	27	**801,162**	913,325
Deferred tax liability	19	**1,637,849**	1,631,787
Other non-current liabilities	28	**1,325,285**	3,185,399
Total non-current liabilities		**35,696,593**	49,473,332
Current liabilities			
Interest bearing loans and borrowings	26	**13,850,738**	2,518,853
Accounts payable and accruals	29	**11,217,810**	10,475,638
Current account with State of Qatar		**-**	2,891,194
Deferred income		**1,610,770**	1,351,216
Income tax payable		**425,221**	461,451
Total current liabilities		**27,104,539**	17,698,352
Total liabilities		**62,801,132**	67,171,684
TOTAL EQUITY AND LIABILITIES		**102,193,926**	101,398,576

Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman

Ali Shareef Al-Emadi
Deputy Chairman

The attached notes 1 to 43 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2011

	Note	*2011 QR'000*	*2010 QR'000*
OPERATING ACTIVITIES			
Net profit before income taxes		**6,854,190**	4,633,472
Adjustments for:			
Depreciation and amortisation	8	**7,014,704**	6,317,416
Dividend income	10	**(41,798)**	(25,767)
Impairment of intangibles and available-for-sale investments		**221,516**	46,250
Profit on disposal of available-for-sale investments	10	**(1,568)**	(40,516)
Profit on disposal of property, plant and equipment	10	**(26,520)**	(26,024)
Gain on previously held interest in an acquired subsidiary	4.1	**(1,442,831)**	-
Finance costs (net)		**1,902,315**	1,804,387
Provision for employees' end of service benefits	27	**1,476**	153,232
Share of results of associates	16	**56,879**	129,636
Operating profit before working capital changes		**14,538,363**	12,992,086
Working capital changes:			
Changes in inventories		**(22,248)**	(62,053)
Changes in accounts receivables and prepayments		**(842,061)**	(540,251)
Changes in accounts payables and accruals		**(2,529,477)**	595,465
Cash from operations		**11,144,577**	12,985,247
Finance costs paid		**(2,315,711)**	(2,326,968)
Employees benefits paid	27	**(55,670)**	(13,277)
Income tax paid		**(836,044)**	(449,599)
Net cash from operating activities		**7,937,152**	10,195,403
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	**(6,574,857)**	(6,941,775)
Purchase of intangible assets	14	**(302,713)**	(193,843)
Net cash outflows from acquisition of a subsidiary	4	**(2,289,568)**	-
Additional investment in associates		**(27,000)**	(156,001)
Purchase of available-for-sale investments		**(160,144)**	(19,866)
Proceeds from disposal of property, plant and equipment		**386,615**	564,544
Proceeds from disposal of available-for-sale investments		**92,288**	138,203
Movement in other non-current assets		**82,649**	71,973
Movement in restricted deposits		**(182,907)**	4,268
Dividend and interest received		**696,447**	587,972
Net cash used in investing activities		**(8,279,190)**	(5,944,525)

Continued…………

The attached notes 1 to 43 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2011

	Note	*2011* *QR'000*	*2010* *QR'000*
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**2,505,638**	21,298,543
Repayment of interest bearing loans and borrowings		**(3,742,308)**	(10,698,669)
Acquisition of non-controlling interest		**(39,587)**	(4,948)
Proceeds from changes in ownership interest		**-**	624,777
Capital contribution by non-controlling interest		**-**	246,158
Additions to deferred financing costs	26	**(24,096)**	(335,870)
Funds received from an associate		**280,762**	-
Dividends paid to shareholders of the parent		**(733,333)**	(462,000)
Dividend paid to non-controlling interests		**(321,881)**	(254,869)
Movement in non-controlling interests		**7,031**	(6,982)
Movement in other non-current liabilities		**(1,872,341)**	(398,345)
Net cash (used in) / from financing activities		**(3,940,115)**	10,007,795
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(4,282,153)**	14,258,673
Net foreign exchange differences		**(224,879)**	(187,076)
Cash and cash equivalents at 1 January		**25,557,920**	11,486,323
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	22	**21,050,888**	25,557,920

The attached notes 1 to 43 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2011

	Attributable to shareholders of the Parent								
	Share capital	*Legal reserve*	*Fair value 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*
At 1 January 2011	1,466,667	6,494,137	49,996	1,780,473	404,580	8,834,207	19,030,060	15,196,832	34,226,892
Profit for the year	-	-	-	-	-	2,605,550	2,605,550	3,337,644	5,943,194
Other comprehensive income	-	-	622,847	(194,349)	-	-	428,498	(217,085)	211,413
Total comprehensive income for the year	-	-	622,847	(194,349)	-	2,605,550	3,034,048	3,120,559	6,154,607
Transactions with shareholders of the Parent, recognised directly in equity									
Dividends for 2010 (Note 30)	-	-	-	-	-	(733,333)	(733,333)	-	(733,333)
Bonus shares issued	293,333	-	-	-	-	(293,333)	-	-	-
Transfer to other statutory reserves	-	-	-	-	301,456	(301,456)	-	-	-
Transactions with non-controlling interest, recognised directly in equity									
Recognition of non-controlling interests' share of net assets (Note 4.1)	-	-	-	-	-	-	-	907,326	907,326
Net acquisition of ownership interests in subsidiaries (Note 4.2)	-	-	-	-	-	(33,988)	(33,988)	617	(33,371)
Acquisition of non-controlling interests – share of associates (Note 4.3)	-	-	-	-	-	(208,627)	(208,627)	-	(208,627)
Conversion of non-controlling interests to interest bearing loans and borrowings (Note 4.4)	-	-	-	-	-	-	-	(573,537)	(573,537)
Dividends from subsidiaries	-	-	-	-	-	-	-	(321,881)	(321,881)
Other movements	-	-	-	-	-	-	-	7,031	7,031
Transactions with non-owners of the Group									
Transfer to social and sports fund (Note 41)	-	-	-	-	-	(32,313)	(32,313)	-	(32,313)
At 31 December 2011	**1,760,000**	**6,494,137**	**672,843**	**1,586,124**	**706,036**	**9,836,707**	**21,055,847**	**18,336,947**	**39,392,794**

Continued...

The attached notes 1 to 43 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
Year ended 31 December 2011

	Attributable to shareholders of the Parent								
	Share Capital	*Legal reserve*	*Fair value 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*
At 1 January 2010	1,466,667	6,494,137	(185,501)	955,055	306,268	6,582,892	15,619,518	13,834,749	29,454,267
Profit for the year	-	-	-	-	-	2,887,843	2,887,843	1,200,079	4,087,922
Other comprehensive income	-	-	235,497	825,418	-	-	1,060,915	247,136	1,308,051
Total comprehensive income for the year	-	-	235,497	825,418	-	2,887,843	3,948,758	1,447,215	5,395,973
Transactions with shareholders of the Parent, recognised directly in equity									
Dividend paid for 2009 (Note 30)	-	-	-	-	-	(1,026,667)	(1,026,667)	-	(1,026,667)
Transfer to other statutory reserve	-	-	-	-	98,312	(98,312)	-	-	-
Transactions with non-controlling interest, recognised directly in equity									
Acquisition of non-controlling interest (Note 4.5)	-	-	-	-	-	(3,956)	(3,956)	(992)	(4,948)
Other changes in ownership interests (Note 4.6, 4.7, 4.8)	-	-	-	-	-	543,960	543,960	177,711	721,671
Dividends from subsidiaries	-	-	-	-	-	-	-	(254,869)	(254,869)
Other movements	-	-	-	-	-	-	-	(6,982)	(6,982)
Transactions with non-owners of the Group									
Transfer to social and sports fund (Note 41)	-	-	-	-	-	(51,553)	(51,553)	-	(51,553)
At 31 December 2010	1,466,667	6,494,137	49,996	1,780,473	404,580	8,834,207	19,030,060	15,196,832	34,226,892

The attached notes 1 to 43 form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2011

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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.

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

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

The consolidated financial statements of the Group for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 4 March 2012.

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).

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

- Financial instruments at fair value through income statement are measured at fair value.
- Available-for-sale investments are measured at fair value.
- Derivative financial instruments are measured at fair value.

The methods used to measure fair values are discussed further in Note 36.

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

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 recognized in the consolidated financial statements is included in Note 38.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

Basis of consolidation

The consolidated financial statements comprise the financial statements of Qatar Telecom (Qtel) Q.S.C. and its subsidiaries (together referred to as the "Group"). These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. 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.

(a) Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. In addition, control may exist without having 50% voting power through ownership or agreements, as a consequence of de facto control. De facto control is control without the legal right to exercise unilateral control, and involves decision-making ability that is not shared with others and the ability to give directions with respect to the operating and financial policies of the entity concerned. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Non controlling interests

Non-controlling interests (previously referred to as minority interests) in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

(c) Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (continued)

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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 the Group's cash-generating units 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 forms part of a cash-generating unit 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 operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Business combinations prior to 1 January 2010
In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquire were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (continued)

(d) Loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. On loss of control over a subsidiary, the Group:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in consolidated income statement; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(e) Translation of foreign operations

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

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

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.

The principal subsidiaries of the Group, incorporated in the consolidated financial statements of Qatar Telecom (Qtel) Q.S.C are as follows:

Name of subsidiaries	*Country of incorporation*	***Group effective shareholding percentage*** ***31 December 2011***	*31 December 2010*
Qtel Investment Holdings S.P.C	Bahrain	**100%**	100%
Qtel International Investments L.L.C.	Qatar	**100%**	100%
Qtel International L.L.C.	Qatar	**100%**	100%
Qtel South East Asia Holding S.P.C ("QSEAH")	Bahrain	**100%**	100%
Qtel West Bay Holding S.P.C	Bahrain	**100%**	100%
Qatar Telecom (Asia) Pte. Ltd. ("QTA")	Singapore	**100%**	100%
Qtel Al Dafna Holding S.P.C ("QDH")	Bahrain	**100%**	100%
Qtel Al Khore Holding S.P.C ("QKH")	Bahrain	**100%**	100%
IP Holdings Limited (formerly known as Qtel Gulf Holdings Limited)	Cayman Islands	**100%**	100%
Qtel Gharafa Holdings Limited	Cayman Islands	**100%**	100%
wi-tribe Asia Limited ("WiTA")	Cayman Islands	**100%**	100%

Continued.....

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (continued)

Name of subsidiaries	*Country of incorporation*	***Group effective shareholding percentage*** ***31 December 2011***	*31 December 2010*
World Trade Glory Ltd	British Virgin Islands	**100%**	100%
JRAA – JHI Group	Philippines	**100%**	100%
Qatar Telecom (Qtel Asia) Pte. Ltd. (“QA”)	Singapore	**100%**	100%
Indonesia Communications Limited (“ICLM”)	Republic of Mauritius	**100%**	100%
QTEL International Finance Limited	Bermuda	**100%**	100%
Qtel MENA Investcom S.P.C (“MENA”) (formerly known as TDC-Qtel MENA Investcom B.S.C.)	Bahrain	**100%**	100%
Qtel Malta Holding Company Ltd.	Malta	**100%**	100%
Omani Qatari Telecommunications Company S.A.O.G. (“NAWRAS”)	Sultanate of Oman	**55.0%**	55.0%
Starlink W.L.L.	Qatar	**60.0%**	60.0%
National Mobile Telecommunications Company K.S.C. (“Wataniya Telecom”)	Kuwait	**52.5%**	52.5%
Wataniya International FZ – L.L.C. (WTI)	United Arab Emirates	**52.5%**	52.5%
Al-Bahar United Company W.L.L. (Fono)	Kuwait	**52.5%**	52.5%
Al Wataniya Gulf Telecommunications Holding Company S.P.C (“WIH”)	Bahrain	**52.5%**	52.5%
Al-Wataniya International for Intellectual Properties S.P.C (formerly known as Al-Wataniya International for Intellectual Properties B.S.C)	Bahrain	**52.5%**	52.5%
Wataniya Telecom Maldives Pvt Ltd (WTM)	Republic of Maldives	**52.5%**	52.5%
WARF Telecom International Private Limited (WARF) (i)	Republic of Maldives	**34.1%**	34.1%
Wataniya Telecom Algerie S.P.A. (WTA) (i)	Algeria	**46.3%**	46.3%
Guney Telekomunikasyon Hizmetleri A.S (i).	Turkey	**46.2%**	46.2%
Carthage Consortium Ltd.	Malta	**52.5%**	-
Qtel Tunisia Holding Company Ltd	Malta	**52.5%**	-
Tunisiana S.A (i)	Tunisia	**39.4%**	-
Tunisia Network S.A (i)	Tunisia	**36.8%**	-
Public Telecommunication Company Ltd. (PTC) (i)	Saudi Arabia	**29.2%**	29.2%
Wataniya Palestine Mobile Telecommunications Public Shareholding Company (i)	Palestine	**25.4%**	25.4%
Raywood Inc. (Raywood) (ii)	Cayman Islands	**61.2%**	61.2%
Al-Rowad General Services Limited (AL Rowad) (ii)	Iraq	**61.2%**	61.2%
Asiacell Communications PJSC (formerly known as Asiacell Communications L.L.C.) (“ACL, Iraq”) (ii)	Iraq	**30.0%**	30.0%
wi-tribe Limited (“WiT”)	Cayman Islands	**86.1%**	86.1%
wi-tribe Limited – Jordan P.S.C.	Jordan	**86.1%**	86.1%
wi-tribe Pakistan Limited	Pakistan	**86.1%**	86.1%
PT. Indosat Tbk	Indonesia	**65.0%**	65.0%
Indosat Finance Company B.V. (“IFB”)	Netherlands	**65.0%**	65.0%
Indosat International Finance Company B.V. (“IIFB”)	Netherlands	**65.0%**	65.0%
Indosat Singapore Pte. Ltd. (“ISP”)	Singapore	**65.0%**	65.0%
PT Indosat Mega Media (“IMM”)	Indonesia	**64.9%**	64.9%
PT Starone Mitra Telekomunikasi (“SMT”) (iii)	Indonesia	**47.2%**	47.2%
PT Aplikanusa Lintasarta (“Lintasarta”) (iii)	Indonesia	**47.0%**	47.0%
PT Artajasa Pembayaran Elektronis (“APE”) (iii)	Indonesia	**25.9%**	25.9%
Indosat Palapa Company B.V. (“IPBV”)	Netherlands	**65.0%**	65.0%
Indosat Mentari Company B.V. (“IMBV”)	Netherlands	**65.0%**	65.0%
PT Lintas Media Danawa (“LMD”) (iii)	Indonesia	**32.9%**	32.9%
PT Interactive Vision Media (“IVM”)	Indonesia	**64.9%**	-

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (continued)

Notes:

(i) The Group has the power, indirectly through Wataniya Telecom by virtue of Wataniya Telecom having more than 51% of the voting interests in these companies, to govern the financial and operating policies of WARF Telecom International Private Limited (WARF), Wataniya Telecom Algerie S.P.A. (WTA), Guney Telekomunikasyon Hizmetleri A.S. Tunisiana S.A, Tunisia Network S.A, Public Telecommunication Company Ltd. (PTC), Wataniya Palestine Mobile Telecommunications Public Shareholding Company, and accordingly, these companies have been considered as subsidiaries of the Group.

(ii) The Group incorporated Raywood Inc ("Raywood"), a special purpose entity registered in Cayman Islands with 61.2% voting interest held by the Group to carry out investment activities in Iraq. Raywood established Al-Rowad General Services Limited ("AL Rowad") in Iraq as a wholly owned subsidiary to acquire 49% voting interests in Asia Cell Communications L.L.C. ("ACL, Iraq"), a company with license to provide telecommunication services in Iraq. The Group has the power to govern the financial and operating policies of ACL, Iraq by virtue of the shareholders' agreements entered into between Raywood, AL Rowad and ACL, Iraq to appoint a majority (4 out of 7) of Board of Directors through Raywood and, accordingly ACL, Iraq is considered as a subsidiary of the Group.

(iii) The Group has the power, indirectly through PT Indosat Tbk ("Indosat ") by virtue of Indosat having more than 51% of the voting interest or control in these companies, to govern the financial and operating policies of PT Starone Mitra Telekomunikasi ("SMT"), PT Aplikanusa Lintasarta ("Lintasarta"), PT Artajasa Pembayaran Elektronis ("APE") and PT Lintas Media Danawa ("LMD") and accordingly, these companies have been considered as subsidiaries of the Group.

f) *Transactions eliminated on consolidation*
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees 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.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IFRS and IFRIC interpretations effective as of 1 January 2011. The following standards, amendments and interpretations, which became effective 1 January 2011, are relevant to the Group:

Standard/ Interpretation	***Content***
IAS 24(Revised)	Related party disclosures
IAS 32 (amendment)	Classification of Rights Issues
IFRIC 14 (amendment)	Prepayments of a Minimum Funding Requirement
IFRIC 19 (amendment)	Extinguishing Financial Liabilities with Equity
Improvements to IFRS's (2010)	Issued in May 2010

a) IAS 24 (Revised) 'Related party disclosures'

The revised standard was issued in November 2009. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any significant impact on the related party disclosure of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

b) IAS 32 (amendment) 'Classification of Rights Issues'

The IASB amended IAS 32 Financial Instruments: Presentation to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment to IAS 32 did not have any significant impact on the consolidated financial statements of the Group.

c) IFRIC 14 (amendment) – Prepayments of a Minimum Funding Requirement

The amendment to IFRIC 14 removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement (MFR). The amendment results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. As required, the amendment has been applied retrospectively. The application of IFRIC 14 has no significant impact on the consolidated financial statements of the Group.

d) IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The interpretation addresses the issues in respect of the accounting by the debtor in a debt for equity swap transaction. An entity should measure equity instruments issued to a creditor to extinguish all or part of a financial liability at the fair value of those equity instruments, unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The equity instruments are initially measured when the financial liability (or part of that liability) is extinguished. The difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the initial measurement amount of the equity instruments issued should be recognised in profit or loss. The application of IFRIC 19 has no significant impact on the consolidated financial statements of the Group.

e) Improvements to IFRSs (2010)

Improvements to IFRS issued in 2010 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Group as a result of these amendments.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

The following standards and interpretations have been issued and are expected to be relevant to the Group in future periods, with effective dates on or after 1 January 2012:

Standard/ Interpretation	*Content*	*Effective date*
IAS 1 (amendment)	Presentation of items of other comprehensive income	1 July 2012
IAS 19	Employee benefits'	1 January 2013
IAS 28	Investment in Associates and Joint Ventures	1 January 2013
IFRS 7 (amendment)	Disclosures: Transfer of financial assets	1 July 2011
IFRS 9	Financial Instruments	1 January 2015
IFRS 10 & IAS 27	Consolidated financial statements and Separate Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair Value measurement	1 January 2013

a) IAS 1 (amendment) - Presentation of items of other comprehensive income

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning on or after 1 July 2012 with an option of early application. The application of this amendment has no significant impact on the consolidated financial statements of the Group.

b) IAS 19 (2011) - Employee benefits

The amended IAS 19 includes the following requirements:

- actuarial gains and losses are recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and
- expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

The amended standard is effective for annual periods beginning on or after 1 January 2013 with an option of early adoption.

c) IAS 28 (2011) – Investment in Associates and Joint ventures

IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) has been amended to include:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied retrospectively. Early adoption is permitted provided that the entire suite of consolidation standards is adopted at the same time.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE (Continued)

d) IFRS 7 (amendment) – Disclosures: Transfer of financial assets

The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognized in their entirety but for which the entity retains continuing involvement. The amendments are effective for annual periods beginning on or after 1 July 2011, but entities are not required to provide the disclosures for any period presented that begins before the date of initial application of the amendments. Early adoption is permitted.

e) IFRS 9 - Financial Instruments

Standard issued November 2009
IFRS 9 (2009) 'Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39 'Financial instruments: recognition and measurement'. IFRS 9 (2009) retains and simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment and hedge accounting continues to apply. The 2009 standard did not address financial liabilities.

Standard issued October 2010
IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and de-recognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 "reassessment of Embedded Derivatives".

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. In its November 2011 meeting, the IASB tentatively decided to defer the mandatory effective date to 1 January 2015.

f) IFRS 10 - Consolidated financial statements and IAS 27 Separate Financial Statements (2011)

IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities. The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire suite of consolidation standards is adopted at the same time. IFRS 10 is applied retrospectively when there is a change in the control conclusion between IAS 27/SIC-12 and IFRS 10. IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when; it is exposed or has rights to variable returns from its involvement with that investee; it has the ability to affect those returns through its power over that investee; and there is a link between power and returns. Control is reassessed as facts and circumstances change.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 IASB STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE (Continued)

g) IFRS 11 – Joint Arrangements

IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It distinguishes joint arrangements between joint operations and joint ventures; and always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.

IFRS 11 supersedes IAS 31 and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire suite of consolidation standards is all adopted at the same time.

h) IFRS 12 - Disclosures of interests in other entities

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities; and the effects of those interests on the entity's financial position, financial performance and cash flows.

The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire suite is adopted at the same time. Entities are encouraged to provide information required by IFRS 12 before the effective date, but this early disclosure would not compel the entity to apply either IFRS 12 in its entirety or the other new consolidation standards.

i) IFRS 13 - Fair value measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The standard is effective for annual periods beginning on or after 1 January 2013 with an option of early adoption.

The Group is considering the implications of the above standards, the impact on the Group and the timing of its adoption by the Group. The Group did not early adopt any new or amended standards or interpretations in 2011.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Group principally obtains revenue from providing telecommunication services comprising access charges, airtime usage, messaging, interconnect fee, data services and infrastructure provision, connection fees, equipment sales and other related services.

The specific revenue recognition criteria applied to significant elements of revenue are set out below:

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Revenue arising from separable installation and connection services are recognised when it is earned. Subscription fee is recognised as revenue as the services are provided.

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

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

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

Loyalty program:
The group has a customer loyalty programme whereby customers are awarded credits ("Points") based on the usage of products and services, entitling customers to the right to redeem the accumulated points via specified means. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of sale. The amount allocated to Points is estimated by reference to the fair value of the right to redeem it at a discount for the products of the Group or for products or services provided by third parties. The fair value of the right to redeem is estimated based on the amount of discount, adjusted to take into account the expected forfeiture rate. The amount allocated to Points is deferred and included in deferred revenue. Revenue is recognised when these Points are redeemed and the Group has fulfilled its obligations to the customer. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to revenue when it is no longer considered probable that the Points will be redeemed.

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

The Group as lessor:
The amounts due from lessees under finance leases are recorded as receivables at the amount of Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of leases.

Revenues from the sale of transmission capacity on terrestrial and submarine cables are recognized on a straight-line basis over the life of the contract. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group as lessee:
Rentals payable under operating leases are charged to the consolidated income statement on a straight –line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Other income
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:

Interest income
Interest income is recognised on an accrual basis using the effective interest rate method.

Rental income
Rental income is accounted for on a time proportion basis.

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

Taxation
Some of the subsidiaries and the joint venture are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of the tax currently payable 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.

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unutlised tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 income statement as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis in 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:

Land lease rights under finance lease	50 years
Buildings	5 – 20 years
Exchange and network assets	5 – 15 years
Subscriber apparatus and other equipment	1 – 8 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 de-recognition of the asset is included in the consolidated income statement 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 relating to non-monetary assets are recognised at nominal value. Grants that compensate the Group for expenses are recognised in the consolidated income statement on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated income statement on a systematic basis over the expected useful life of the related asset upon capitalisation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets
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 income statement 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 income statement in the expense category consistent with the nature of the intangible asset.

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.

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

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 relationships*	*Brand/ Trade names*	*Concession intangible assets*	*IRU, software and other intangibles*
Useful lives	:	Finite (10 – 50 years)	Finite (2 – 8 years)	Finite (6-25 years)	Finite (15 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	Amortised on a straight line basis over the periods of availability
Internally generated or acquired	:	Acquired	Acquired	Acquired	Acquired	Acquired

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Service concession arrangements
The Group accounts for service concession arrangements where it is an operator in accordance with IFRIC 12 "Service concession arrangements". Infrastructure within the scope of this interpretation is not recognised as property, plant and equipment of the Group as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the Group. Accordingly, the Group recognises such assets as "Concession intangible assets". The Group recognises these intangible assets at cost in accordance with IAS 38. These intangible assets are amortised over the period in which it is expected to be available for use by the Group. The Group recognises contract revenue and costs in accordance with IAS 11, Construction Contracts. The costs of each activity, namely construction, operation and maintenance are recognised as expenses by reference to the stage of completion of the related activity. Contract revenue, if any, i.e. the fair value of the amount due from the grantor for the activity undertaken, is recognised at the same time. The amount due from the grantor meets the definition of a receivable in IAS 39 Financial Instruments: Recognition and Measurement. The receivable is measured initially at fair value. It is subsequently measured at amortised cost.

The Group accounts for revenue and costs relating to the services in accordance with IAS 18 as described in the accounting policy for revenue recognition. Borrowing costs attributable to the arrangement are recognised as an expense in the period in which they are incurred, unless the Group has a contractual right to receive an intangible asset (a right to charge user of the public service). If the Group has a contractual right to receive an intangible asset, borrowing costs attributable to the arrangement are capitalised during the construction phase of the arrangement.

Investment in associates
Associate companies are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

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

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

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

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

Loans and receivables comprise bank balances and cash and accounts receivables and prepayments.

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

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand, call deposits and demand deposits with original maturity of less than three months.

Accounts receivable and prepayments
Accounts receivables and prepayments that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment.

Appropriate allowances for estimated irrecoverable amounts are recognized in the consolidated income statement where there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale investments
Available-for-sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale investments are recognised initially at fair value plus directly attributable costs. After initial recognition, available for sale investments are subsequently remeasured at fair value, with any resultant gain or loss directly recognised as a separate component of equity as fair value reserve under other comprehensive income until the investment is sold, collected, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated income statement for the year. Interest earned on the investments is reported as interest income using the effective interest rate. Dividends earned on investments are recognised in the consolidated income statement as "Dividend income" when the right to receive dividend has been established. All regular way purchases and sales of investment are recognised on the trade date when the Group becomes or cease to be a party to contractual provisions of the instrument.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the financial reporting year. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. For investment in funds, fair value is determined by reference to net asset values provided by the fund administrators.

Due to the uncertain nature of cash flows arising from certain unquoted equity investments of the Group, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost, less any impairment losses.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is transferred from equity to the consolidated income statement. Impairment losses on equity instruments recognised in the consolidated income statement are not subsequently reversed. Reversals of impairment losses on debt instruments are reversed through the consolidated income statement; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(ii) Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Non derivative financial liabilities include interest bearing loans and borrowings and accounts payable and accruals.

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

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

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

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

(iii) Share capital

Ordinary shares
Ordinary shares are classified as equity. The bonus shares issued during the year are shown as an addition to the share capital and deducted from the accumulated retained earnings of the Group.

Dividends 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 dividends are approved by the shareholders. Dividends for the year that are approved after the statement of financial position date are dealt with as an event after balance sheet date.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Derivative financial instruments and hedging
Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in described below for those derivative instruments designated for hedging cash flows, while changes in the fair value of derivative instruments not designated for cash flow hedges are charged directly to profit or loss.

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

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment (except for foreign currency risk); or

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting change in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods of which they were designated.

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

- where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

- embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

- derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 36.

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

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 period. 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.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs include those expenses incurred in bringing each product to its present location and condition. Cost is determined on a weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognized when the Group has a present 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 statement of financial position date, and are discounted to present value where the effect is material.

Employee benefits

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. Actuarial gains or losses are recognised as income or expense when the net cumulative unrecognised actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the present value of the defined benefit obligation or fair value of plan assets, whichever is greater, at that date. These gains or losses in excess of the 10% corridor are recognised on a straight-line basis over the expected average remaining working lives of the employees. Past service cost is recognised over the estimated average remaining service periods of the employees.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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

Once the benefit is settled in cash at the exercise date, the liability is derecognised. The amount of cash settlement is determined based on the share price of the Group at the exercise date. On breach of the vesting conditions, the liability is derecognised through the consolidated income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
The Group's consolidated financial statements are presented in Qatari Riyals (QR), which is also the Parent Company's functional currency (the currency of the primary economic environment in which the Parent Company) operates. 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.

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 profit or loss, except for differences arising on the retranslation of available-for-sale equity investments which are recognised in other comprehensive income.

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 income statement.

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 amortization, if no impairment loss had been recognized.

Events after the reporting date
The consolidated financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the consolidated statement of financial position date.

4 BUSINESS COMBINATIONS, ACQUISITION OF NON-CONTROLLING INTERESTS AND CHANGES IN OWNERSHIP INTERESTS

4.1 Step acquisition of Tunisiana S.A. (formerly known as Orascom Telecom Tunisie S.A.) ("Tunisiana")

On 4 January 2011 ("the acquisition date"), the Group acquired 25% additional shareholding interest in Tunisiana As a result of the above, the Group's ownership and voting interests in Tunisiana, previously treated as a joint venture and accounted for under proportionate consolidation method, increased from 50% to 75%. Consequently, Tunisiana is fully consolidated within the Group's consolidated financial statements for the year ended 31 December 2011 starting from the date control has been obtained.

Moreover, the Group re-measured its previously held interests in Tunisiana at fair value and recognised a revaluation gain of QR 1,442,831 thousand in the profit or loss for the year. The revaluation of previously held interests was based on the same price that was paid for the additional controlling interests acquired during the period, after adjusting for control premium.

Since the date of acquisition and up to 31 December 2011, Tunisiana contributed a net profit of QR 699.2 million. The management expects that taking control of Tunisiana will enable the Group in expanding its telecommunication activities and operations in the Tunisian market.

(a) Identifiable assets acquired and liabilities assumed, and resulting gain on previously held interest

The fair values of the identifiable assets and liabilities of Tunisiana recognised as a result of the step acquisition were as follows:

	Carrying amounts immediately prior to acquisition QR'000	*Fair value adjustment QR'000*	*Fair values at the acquisition date QR'000*
Cash and bank balances	314,809	-	314,809
Trade and other receivables	387,846	-	387,846
Inventories	7,437	-	7,437
Property, plant and equipment	1,285,571	-	1,285,571
License costs	735,973	1,708,927	2,444,900
Customer contracts and related customer relationship	-	156,148	156,148
Trade names	-	203,884	203,884
Other intangibles	3,659	-	3,659
Deferred tax assets	46,255	-	46,255
Other non-current assets	49,992	-	49,992
Total provisional fair value of acquired identifiable assets at the date of acquisition	2,831,542	2,068,959	4,900,501
Trade and other payables	967,295	-	967,295
Borrowings	280,856	-	280,856
Other non-current liabilities	24,455	-	24,455
Total fair value of assumed liabilities at the date of acquisition	1,272,606	-	1,272,606
Fair value of net identifiable assets at the date of acquisition	**1,558,936**	**2,068,959**	**3,627,895**

Fair value of previously held interest in an acquired subsidiary	4,369,802
Less: Carrying value of previously held interest in an acquired subsidiary	(2,926,971)
Gain recognised on previously held interest in an acquired subsidiary	**1,442,831**

4 BUSINESS COMBINATIONS, ACQUISITION OF NON-CONTROLLING INTERESTS AND CHANGES IN OWNERSHIP INTERESTS (CONTINUED)

4.1 Step acquisition of Tunisiana S.A. (continued)

(b) Goodwill resulting on the step acquisition

Goodwill has been recognised as a result of the acquisition as follows:

	QR'000
Acquisition cost	2,405,957
Non-controlling interest	907,326
Fair value of previously held interest in an acquired subsidiary	4,369,802
Sub-total	7,683,085
Less: provisional fair value of net identifiable assets at date of acquisition	(3,627,895)
Goodwill recognised at date of acquisition	**4,055,190**

(c) Cash outflow from the acquisition

	QR'000
Acquisition cost	(2,405,957)
Add: Receivable from acquired subsidiary	(41,130)
Consideration paid	(2,447,087)
Less: Cash acquired from the subsidiary	314,809
Add: Derecognition of previously recorded cash under proportionate consolidation method	(157,290)
Net cash outflow from the acquisition	**(2,289,568)**

In 2010, the following amounts were included in the Group's consolidated financial statements as a result of the proportionate consolidation of Tunisiana:

	2010 *QR'000*
Share of joint venture's statement of financial position:	
Current assets	355,188
Non-current assets	1,061,494
Current liabilities	(623,006)
Non-current liabilities	(12,937)
Carrying amount of net assets	780,739

	2010 *QR'000*
Share of joint venture's income statement:	
Revenue	1,286,588
Other income (expenses)	(2,243)
General and administrative expenses	(798,587)
Finance costs	(4,332)
Income tax	(180,604)
Profit for the year	300,822

4 BUSINESS COMBINATIONS, ACQUISITION OF NON-CONTROLLING INTERESTS AND CHANGES IN OWNERSHIP INTERESTS (CONTINUED)

4.2 Net acquisition of ownership interests in subsidiaries

These represent acquisition of minor additional ownership interests in the following subsidiaries:

- National Mobile Telecommunications Company K.S.C. ("Wataniya Telecom"),
- wi Tribe Limited and
- wi Tribe Asia Limited

These are transactions with non -controlling interest without any change in control and have been directly recognised in the consolidated statement of changes in equity.

4.3 Acquisition of additional interest in a subsidiary by an associate

This represents the increase in stake by one of the Group's associates, Asia Mobile Holdings Pte. Ltd. (AMH) in its subsidiary. This is a transaction with non -controlling interest of the associate without any change in control and accordingly has been recognised in the equity of the associate. The group's share of this transaction has been directly recognised in the consolidated statement of changes in equity.

4.4 Conversion of non-controlling interests to interest bearing loans and borrowings

This represents amounts due to the shareholders of one of the Group's subsidiaries Asiacell Communications LLC, Iraq (ACL) which has been reclassified as interest bearing loans and borrowings pursuant to the recent capitalization of the company on account of its conversion to a private joint stock company (PJSC). This transaction has been directly recognised in the consolidated statement of changes in equity and also reflected as interest bearing loans and borrowings (Note 26).

4.5 Acquisition of non-controlling interest in Starlink WLL

On 20 December 2010, the Group acquired an additional 9% stake in Starlink W.L.L. As a result, the group increased its stake in Starlink W.L.L. from 51% to 60%. A cash consideration of QR 4,948 thousands was paid to the non-controlling interests of Starlink W.L.L. The carrying value of the net assets immediately prior to the additional acquisition of Starlink W.L.L. was QR 11,017 thousands and the share of carrying value of the additional interest acquired was QR 992 thousands. The excess of the cash consideration over the carrying values of net assets acquired amounting to QR 3,956 thousands has been recognised in the consolidated statement of changes in equity under retained earnings.

4.6 Changes in ownership interest in Omani Qatari Telecommunications Company S.A.O.G. ("Nawras")

In 2010, The Group offered 15% of its holding in Nawras held through TDC- Qtel MENA Investcom B.S.C. (MENA) as part of the Nawras initial public offering ("IPO") on the Muscat Securities Market ("MSM") in November 2010. The IPO proceeds received by the Group amounted to QR 624,777 thousands and the value of net assets representing the shares offered by the Group in the public issue was QR 192,996 thousands.

The Group also acquired an effective stake of 14.4 % in Nawras from the non-controlling shareholder in MENA based on an existing agreement for a cash consideration of QR 60,995 thousands. The value of net assets acquired from the non-controlling interest was QR 186,057 thousands.

The net effect of the above mentioned transactions was a net disposal of 0.6% of the Group's effective stake in Nawras which resulted in a movement of non-controlling interests amounting to QR 6,939 thousands and a cumulative amount of QR 556,843 thousands being the difference between the amount by which the non-controlling interests are adjusted and the net consideration received, is recognised in the consolidated statement of changes in equity under retained earnings.

4 BUSINESS COMBINATIONS, ACQUISITION OF NON-CONTROLLING INTERESTS AND CHANGES IN OWNERSHIP INTERESTS (CONTINUED)

4.7 Changes in ownership interest in Wataniya Palestine Mobile Telecommunication Limited P.S.C. ("WPT")

In 2010, the Group contributed an amount of QR 102,329 thousands towards an increase in the share capital of WPT. In addition, WPT had offered through an Initial Public Offering (the "IPO") new shares equivalent to 15 per cent of its authorised share capital followed by a listing on the Palestine Exchange (the "PEX"). This transaction resulted in a decrease in the Group's effective shareholding in WPT from 29.9% to 25.4% without a loss of control over WPT. As a result, the Group recognised an amount of QR 23,339 thousands as part of retained earnings in the consolidated statement of changes in equity.

4.8 Changes in ownership interest in wi-tribe Limited

Additional issue of shares made by wi-tribe limited during the year was not proportionately subscribed by the non-controlling interests of wi-tribe Limited. This resulted in an increase in the Group's shareholding to 86.1%. As a result the Group has recognised an amount of QR 36,222 thousands in retained earnings representing the adjustment to reflect the changes in the interest in the subsidiary with the corresponding amount included under non-controlling interest.

5 REVENUE

	2011 ***QR'000***	*2010* *QR'000*
Revenue from rendering of services	**31,199,888**	26,716,373
Sale of telecommunications equipment	**342,966**	420,327
Revenue from use of assets by others	**195,226**	100,999
Network construction revenue (Note 15)	**27,266**	138,883
	31,765,346	27,376,582

6 OPERATING EXPENSES

	2011 ***QR'000***	*2010* *QR'000*
Outpayments and interconnect charges	**3,216,707**	2,853,327
Regulatory and related fees	**1,989,845**	1,857,848
Rentals and utilities	**1,655,133**	1,337,471
Network operation and maintenance	**1,111,601**	936,969
Cost of equipment sold and other services	**1,226,340**	955,994
Repairs and maintenance	**708,140**	647,497
Network construction costs (Note 15)	**27,266**	138,883
Provision for obsolete and slow moving inventories (Note 20)	**23,352**	6,658
	9,958,384	8,734,647

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2011 QR'000	*2010 QR'000*
Employee salaries and associated costs	**3,164,408**	2,784,336
Marketing costs and sponsorship	**1,159,976**	1,172,497
Legal and professional fees	**333,348**	329,377
Commission on cards	**1,166,862**	824,739
Allowance for impairment of accounts receivable (Note 21)	**247,706**	199,364
Other expenses	**886,847**	737,257
	6,959,147	6,047,570

8 DEPRECIATION AND AMORTISATION

	2011 QR'000	*2010 QR'000*
Depreciation (Note 13)	**5,224,678**	4,696,409
Amortisation of intangibles (Note 14)	**1,790,026**	1,621,007
	7,014,704	6,317,416

9 FINANCE COSTS -NET

	2011 QR'000	*2010 QR'000*
Interest expenses	**2,391,945**	2,202,844
Amortisation of deferred financing costs (Note 26)	**150,761**	152,632
Other finance charges	**14,942**	11,223
Ineffective portion of cash flow hedges transferred (Note 25)	**(684)**	(107)
	2,556,964	2,366,592
Less : Interest income	**(654,649)**	(562,205)
	1,902,315	1,804,387

10 OTHER INCOME (EXPENSES) –NET

	2011 QR'000	*2010 QR'000*
(Loss) / gain on foreign currency exchange (net)	**(72,636)**	152,380
Profit on disposal of available-for-sale investments	**1,568**	40,516
Profit on disposal of plant and equipment	**26,520**	26,024
Dividend income	**41,798**	25,767
Rental income from building	**16,620**	17,023
Change in fair value of derivatives (net)	**23,295**	(179,122)
Miscellaneous income (Note 11)	**34,031**	575,023
	71,196	657,611

11 ROYALTIES AND FEES

	2011 QR'000	*2010 QR'000*
Royalty to the Government of Sultanate of Oman	**119,904**	110,954
Industry fees	**149,921**	156,191
Other statutory fees	**42,413**	53,670
	312,238	320,815

Royalties:
In accordance with Law No. 6 of 2002, effective 1 January 2005, Qtel was liable to pay royalty to the Government of the State of Qatar for the exclusive right to provide telecommunication services in the State of Qatar. The royalty payable was calculated based on 25% of the profits attributable to the shareholders of the parent. In accordance with Law No. 34 of 2006 issued on 6 November 2006, the payment of royalty to the Government of the State of Qatar shall be discontinued from the date another operator licensed under the Law commences telecommunication services in Qatar.

The Group deemed that another operator licensed under the Law commenced commercial operations on 1 March 2009, when the second operator switched on its network for two way communication, broadly consistent with the requirements prescribed by the provisions of license granted to Qtel by ictQATAR and had discontinued payment of royalties from such date. However, as per the Decree issued by the Government of Qatar, the payment of royalties had to be discontinued with effect from 7 October 2007 and replaced with 12.5% industry fees on the profits and 1% of license fees on the net regulated revenues generated from the Group's operations in Qatar. This has resulted in a write back of accruals amounting to QR 554 million, which has been included under Other Income (Expenses) - Net (Note 10) during the year ended 31 December 2010. During the year, the royalty payable to Government of State of Qatar was settled.

In accordance with the terms of a license granted to Omani Qatari Telecommunications Company S.A.O.G. to operate telecommunication services in the Sultanate of Oman, royalty is payable to the Government of the Sultanate of Oman, effective from March 2005. The royalty payable is calculated based on 7% of the net of predefined sources of revenue and operating expenses.

Industry fees:
In accordance with the Minister of Economy and Finance of the State of Qatar Decree in 2010, effective from 7 October 2007, the Group has provided for a 12.5% Industry fee on profits generated from the Group's operations in Qatar.

Other statutory fees:
Contributions to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat are included under other statutory fees.

12 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.

	2011	*2010*
Profit for the year attributable to shareholders of the parent (QR'000)	**2,605,550**	2,887,843
Weighted average number of shares (in thousands)	**176,000**	176,000
Basic and diluted earnings per share (QR)	**14.80**	16.41

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

Qualifying shares at 1 January (in thousands)	**146,667**	146,667
Effect of bonus share issue (in thousands)	**29,333**	29,333
Total outstanding number of shares (in thousands)	**176,000**	176,000

During the year, the Group issued bonus shares and accordingly, the previously reported earnings per share have been restated. If the effect of the bonus shares issues during the year was not considered on the earnings per share of the previous year, the basic earnings per share would have been QR 19.69 per share for the year ended 31 December 2010.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings QR'000	*Exchange and networks assets QR'000*	*Subscriber apparatus and other equipment QR'000*	*Capital work in progress QR'000*	*Total QR'000*
Cost:					
At 1 January 2010	5,649,298	35,332,101	4,215,455	4,349,775	49,546,629
Additions	14,409	1,024,222	61,892	5,841,252	6,941,775
Transfers	581,655	5,628,926	474,249	(6,684,830)	-
Disposals	(28,761)	(2,453,719)	(81,519)	(700)	(2,564,699)
Reclassification	-	29,571	1,115	-	30,686
Exchange adjustment	185,038	484,967	3,617	117,570	791,192
At 31 December 2010	6,401,639	40,046,068	4,674,809	3,623,067	54,745,583
Derecognition of joint venture	-	(1,105,254)	(112,914)	(126,696)	(1,344,864)
Acquisition of subsidiary (Note 4.1)	-	2,210,507	225,828	253,393	2,689,728
Additions	24,441	898,383	108,740	5,543,293	6,574,857
Transfers	327,262	4,498,030	438,664	(5,263,956)	-
Disposals	(47,181)	(1,063,149)	(108,623)	(174)	(1,219,127)
Reclassification	297,105	(1,257,266)	(547,542)	162,322	(1,345,381)
Exchange adjustment	(47,678)	(257,843)	(20,229)	(38,090)	(363,840)
At 31 December 2011	**6,955,588**	**43,969,476**	**4,658,733**	**4,153,159**	**59,736,956**
Depreciation:					
At 1 January 2010	2,009,950	15,048,173	2,721,991	-	19,780,114
Provided during the year	433,064	3,725,805	537,540	-	4,696,409
Relating to disposals	(28,750)	(1,923,836)	(73,593)	-	(2,026,179)
Reclassification	-	15,927	597	-	16,524
Exchange adjustment	51,927	(5,972)	59,776	-	105,731
At 31 December 2010	2,466,191	16,860,097	3,246,311	-	22,572,599
Derecognition of joint venture	-	(621,522)	(80,556)	-	(702,078)
Acquisition of subsidiary (Note 4.1)	-	1,243,045	161,112	-	1,404,157
Provided during the year	493,320	4,182,857	548,501	-	5,224,678
Relating to disposals	(46,842)	(741,257)	(103,770)	-	(891,869)
Reclassification	129,255	(493,366)	(333,599)		(697,710)
Exchange adjustment	(30,889)	(184,124)	(22,906)	-	(237,919)
At 31 December 2011	**3,011,035**	**20,245,730**	**3,415,093**	**-**	**26,671,858**
Carrying value:					
At 31 December 2011	**3,944,553**	**23,723,746**	**1,243,640**	**4,153,159**	**33,065,098**
At 31 December 2010	3,935,448	23,185,971	1,428,498	3,623,067	32,172,984

Notes:

i) Included in capital work in progress are eligible borrowing costs capitalised during the year amounting to QR 1,178 thousands (2010: QR 7,573 thousands).

ii) The property, plant and equipment of the subsidiaries Wataniya Telecom Algeria S.P.A, Wataniya Telecom Maldives Pvt Ltd and Wataniya Palestine Mobile Telecommunications Public Shareholding Company amounting to QR 3,226,266 thousands (2010: QR 3,322,178 thousands) are under registered mortgage to secure bank loans (Note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

14 INTANGIBLE ASSETS

	License costs QR'000	*Goodwill QR'000*	*Customer contracts and related customer relationship QR'000*	*Brand/ Trade names QR'000*	*Concessions intangible assets QR'000*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Cost:							
At 1 January 2010	23,708,022	10,567,500	893,551	3,434,993	636,496	283,187	39,523,749
Additions				33,894	139,059	20,890	193,843
Reclassification	-	-	-	-	(43,085)	12,399	(30,686)
Exchange adjustment	219,866	302,247	36,366	124,036	2,418	2,198	687,131
At 31 December 2010	23,927,888	10,869,747	929,917	3,592,923	734,888	318,674	40,374,037
De-recognition of a Joint venture	(1,444,425)	(1,594,697)	(103,016)	(103,016)	-	(2,157)	(3,247,311)
Acquisition of a subsidiary (Note 4.1)	2,444,900	4,055,190	156,148	203,884	-	4,313	6,864,435
Additions	151,524	-	-	1,162	27,081	122,946	302,713
Reclassification	(171,970)	-	-	-	32,884	1,484,467	1,345,381
Exchange adjustment	(82,759)	(212,125)	(12,709)	(22,613)	(438)	(33,423)	(364,067)
At 31 December 2011	**24,825,158**	**13,118,115**	**970,340**	**3,672,340**	**794,415**	**1,894,820**	**45,275,188**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

14 INTANGIBLE ASSETS (CONTINUED)

	License costs QR'000	*Goodwill QR'000*	*Customer contracts and related customer relationship QR'000*	*Brand/ Trade names QR'000*	*Concessions intangible assets QR'000*	*IRU, software and other intangibles QR'000*	*Total QR'000*
Amortisation and impairment:							
At 1 January 2010	3,497,629	448,176	619,461	430,945	182,164	241,322	5,419,697
Amortisation during the year	1,142,002	-	188,778	211,173	71,258	7,796	1,621,007
Impairment during the year	36,251	-	-	-	-	-	36,251
Reclassification	-	-	-	-	(28,923)	12,399	(16,524)
Exchange adjustment	(32,085)	943	18,918	24,649	20,564	1,434	34,423
At 31 December 2010	4,643,797	449,119	827,157	666,767	245,063	262,951	7,094,854
Derecognition of joint venture	(697,780)	-	(78,312)	(48,939)	-	(327)	(825,358)
Acquisition of subsidiary (Note 4.1)	-	-	-	-	-	654	654
Amortisation during the year	1,124,819	-	77,518	337,263	76,206	174,220	1,790,026
Reclassification	35,045	-	-	-	-	662,665	697,710
Exchange adjustment	(120,688)	(54,486)	(10,501)	(6,111)	(682)	(31,307)	(223,775)
At 31 December 2011	**4,985,193**	**394,633**	**815,862**	**948,980**	**320,587**	**1,068,856**	**8,534,111**
Net book value:							
At 31 December 2011	**19,839,965**	**12,723,482**	**154,478**	**2,723,360**	**473,828**	**825,964**	**36,741,077**
At 31 December 2010	19,284,091	10,420,628	102,760	2,926,156	489,825	55,723	33,279,183

Note:
The Group has recorded impairment of license costs amounting to QR 36,251 thousands during 2010 based on the management's assessment of the related assets.

15 BUILD-OPERATE-TRANSFER AGREEMENT

On 9 January 2002, a subsidiary, Public Telecommunications Company Ltd. ("PTC") has signed a Build-Operate-Transfer ("BOT") agreement with Saudi Telecom Company ("STC") to offer digital radio network services based on IDEN technology ("the Project") to the public and corporate sectors in the Kingdom of Saudi Arabia ("KSA"). The services offered include call services, data services, control & monitoring services and other optional services. The key features of the BOT agreement are as described below:

a) The BOT agreement is for a concession period of 15 years from 2005 to 2020 subject to termination as discussed in (f) below and renewal in accordance with the terms of the agreement.

b) PTC will be responsible for the Project (including the completion of each project phase), building and maintaining the network during the term of the BOT agreement. PTC is liable to pay performance penalties to STC in the event of any failure by PTC to comply with specified network performance requirements.

c) The prices to be charged from users by PTC are subject to regulation by STC.

d) At the end of the agreement period, PTC shall transfer the network to STC at fair market value based on an independent valuation. The network shall be transferred in a condition that enables it to be used for at least the next 5 years.

e) PTC shall pay STC revenue fees, site rental payments, equipment commission fees and link licence fees during the term of the BOT agreement. The fees can be revised by STC if the telecommunications market in The Kingdom of Saudi Arabia is deregulated such that STC is obliged to provide services, rights, access or licenses of a comparable type or nature to third parties. In such event the revised payments shall reflect the market rate for services, rights, access or licenses of a comparable type and nature (and in assessing such market rate the amounts previously paid by PTC shall not be taken into account).

f) The agreement may be terminated by STC if PTC fails to perform its obligations or if PTC is declared bankrupt or insolvent or goes into liquidation (except for the purposes of amalgamation or reconstruction approved in advance by STC). The agreement may be terminated by PTC if STC fails to perform its obligations or if STC is dissolved or goes into liquidation.

g) The agreement may be modified in writing signed by the duly authorised representatives of STC and PTC.

The assets under BOT agreement are shown separately as "Concession intangible assets" (Notes 14). Each item of the concession intangible asset is amortised over the period from the date of its addition to 2020 (as the BOT agreement expires in 2020). The network construction revenue and network construction costs are included under revenue and other operating expenses respectively.

In the opinion of management, PTC does not have any contractual obligations to fulfil as a condition of its licence.

(i) to maintain the infrastructure to a specified level of serviceability, or

(ii) to restore the infrastructure to a specified condition before it is handed over to the STC at the end of the BOT arrangement. The future network enhancements will be able to sustain the network on transferring to STC as mentioned in (d) above.

16 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Principal activity	*Country of incorporation*	*Ownership* **2011**	*2010*
Navlink, Inc.,	*Managed Service Provider delivering technology solutions in the enterprise data market*	*United State of America*	*38%*	*38%*
Asia Mobile Holdings Pte Ltd ("AMH")	*Holding company*	*Singapore*	*25%*	*25%*
PT Multi Media Asia Indonesia	*Satellite based telecommunication services*	*Indonesia*	*27%*	*27%*
Liberty Telecoms Holdings Inc. ("LTHI")	*Telecommunication services*	*Philippines*	*40%*	*40%*
MEEZA QSTP LLC	*Information technology services*	*Qatar*	*20%*	*20%*

(i) Navlink Inc. a Delaware Corporation is engaged in managing service delivery and providing technology solutions in the enterprise data market.

(ii) On 1 March 2007, the Group acquired a 25% stake in AMH. AMH is the holding company for ST Telemedia's ("STT") stake in Star Hub Ltd., Singapore.

(iii) On 8 May 2008, the Group acquired 27% of LTHI, a company incorporated in Philippines which is engaged in providing telecommunication services in Philippines and increased its stake to 40% on 9 December 2008.

(iv) PT Multi Media Asia Indonesia was acquired through PT Indosat Tbk.

(v) MEEZA QSTP LLC is registered as a limited liability company incorporated in the State of Qatar and is engaged in IT services.

The following table is the summarised financial information of the Group's investments in the associates.

	2011 ***QR'000***	*2010* *QR'000*
Group's share of associates' statement of financial position:		
Current assets	**537,805**	1,478,339
Non-current assets	**2,497,178**	1,821,929
Current liabilities	**(810,960)**	(859,130)
Non-current liabilities	**(1,859,649)**	(1,567,500)
Net assets	**364,374**	873,638
Goodwill	**1,226,967**	1,252,677
Carrying amount of the investment	**1,591,341**	2,126,315
Group's share of associates' revenues and results:		
Revenues	**1,740,445**	1,563,997
Results	**(56,879)**	(129,636)

17 AVAILABLE-FOR-SALE INVESTMENTS

	2011 *QR'000*	2010 *QR'000*
Quoted equity investments	**561,993**	545,899
Unquoted equity investments	**692,161**	404,296
Unquoted debt securities	**119,612**	117,227
Investments in funds	**816,173**	794,584
	2,189,939	1,862,006

At 31 December 2011, certain unquoted equity investments amounting to QR 173,596 thousands (2010: QR 287,505 thousands) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

During the year, the Group has recorded an impairment loss of QR 25,396 thousands (2010: QR 9,999 thousands) on certain available-for-sale investments. In the opinion of the management, based on the currently available information, there is no evidence of further impairment in the value of available-for-sale investments.

18 OTHER NON-CURRENT ASSETS

	2011 *QR'000*	2010 *QR'000*
Prepaid rentals (i)	**307,748**	303,955
Long term advances (ii)	**363,058**	417,348
Long term loans (iii)	**140,341**	140,437
Others (iv)	**99,091**	106,149
	910,238	967,889

(i) Prepaid rentals represent the long term portion of prepaid rentals on sites and towers.

(ii) Long term advances represents advances to suppliers and contractors for the procurement or construction of property, plant and equipment and advances against investments, which will be reclassified to the respective class of assets upon completion or receipt of these assets purchased.

(iii) Long term loans represent loans granted to third parties for the purpose of investing in telecommunications outside Qatar, which carries interest at LIBOR plus margin 8% and is repayable within a period of five years. The loans are secured against pledge of shares of the invested telecommunication companies.

(iv) Others includes an amount of QR 41,435 thousands (2010: QR 45,097 thousands) relating to long term portion of prepaid pension costs (Note 27).

19 INCOME TAX

The income tax represents amounts recognised by subsidiary companies. The major components of the income tax expense for the years 2011 and 2010 are:

	2011 QR'000	*2010 QR'000*
Current income tax:		
Current income tax charge	**800,856**	519,558
Adjustments in respect of previous years' income tax	**(1,042)**	-
Deferred income tax:		
Relating to origination and reversal of temporary differences	**111,182**	25,992
Income tax included in the consolidated income statement	**910,996**	545,550

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 35% (2010: 10% to 35%). For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. 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 reconciliation between tax expense and the product of accounting profit multiplied by the Group's effective tax rate is as follows:-

	2011 QR'000	*2010 QR'000*
Accounting consolidated profit before tax	**6,854,190**	4,633,472
The Company and its subsidiaries that are not subject to corporate income tax	**(2,552,747)**	(1,804,760)
Accounting profit of subsidiaries and associates that are subject to corporate income tax	**4,301,443**	2,828,712
Add:		
Allowances, accruals and other temporary differences	**61,027**	8,340
Expenses and income that are not subject to corporate tax	**62,569**	677,661
Deduct:		
Depreciation-net	**(414,442)**	(908,643)
Unutilised tax losses brought forward	**(274,422)**	(80,554)
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**3,736,175**	2,525,516
Current income tax charge at the effective income tax rate of 21% (2010: 21%)	**800,856**	519,558

19 INCOME TAX (CONTINUED)

	Consolidated statement of financial position		*Consolidated income statement*	
	2011	*2010*	***2011***	*2010*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Accelerated depreciation for tax purposes	**(1,009,389)**	(926,801)	**(98,081)**	(256,250)
Losses available to offset against future taxable income	**392,041**	465,244	**(73,204)**	166,198
Allowances, accruals and other temporary differences	**59,139**	32,006	**14,392**	(22,150)
Deferred tax origination on Purchase Price Allocation	**(792,864)**	(844,238)	**45,711**	86,210
Deferred tax expense			**(111,182)**	(25,992)
Deferred tax liability - net	**(1,351,073)**	(1,273,789)		

Reflected in the consolidated statement of financial position as follows:

	2011	*2010*
	QR'000	*QR'000*
Deferred tax asset	**286,776**	357,998
Deferred tax liability	**(1,637,849)**	(1,631,787)
	(1,351,073)	(1,273,789)

Reconciliation of deferred tax liability – net

	2011	*2010*
	QR'000	*QR'000*
At 1 January	**1,273,789**	1,178,065
Derecognition of joint venture	**23,128**	-
Acquisition of subsidiaries (Note 4.1)	**(46,255)**	-
Tax expense during the year	**111,182**	25,992
Tax on other comprehensive income	**1,911**	(2,924)
Exchange adjustment	**(12,682)**	72,656
At 31 December	**1,351,073**	1,273,789

Unrecognised deferred tax assets

At 31 December 2011, deferred tax assets of QR 32,774 thousands (2010: QR 22,577 thousands) for temporary differences of QR 143,195 thousands (2010: QR 94,071 thousands) related to investments in subsidiaries were not recognised because the subsidiaries were unable to assess with reasonable certainty that sufficient taxable profit would be available to recover the asset in the foreseeable future.

20 INVENTORIES

	2011 *QR'000*	*2010* *QR'000*
Subscribers' equipment	**203,280**	177,262
Other equipment	**141,033**	137,065
Cables and transmission equipment	**43,936**	36,835
	388,249	351,162
Less: Provision for obsolete and slow moving inventories	**(45,699)**	(34,578)
	342,550	316,584

Inventories consumed and recognised as expense during the year included, as part of cost of equipment sold and other services under operating expenses, amounting to QR 690,769 thousands (2010: QR 749,745 thousands).

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

	2011 *QR'000*	*2010* *QR'000*
At 1 January	**34,578**	27,911
Derecognition of joint venture	**(32)**	-
Acquisition of subsidiary (Note 4.1)	**64**	-
Provided during the year (Note 6)	**23,352**	6,658
Amounts written off	**(12,307)**	(192)
Exchange adjustment	**44**	201
At 31 December	**45,699**	34,578

21 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2011 *QR'000*	*2010* *QR'000*
Accounts receivable – net of impairment allowances	**2,466,164**	2,180,994
Other receivables and prepayments	**2,637,416**	2,148,648
Unbilled subscriber revenue	**346,890**	280,471
Amounts due from international carriers	**301,766**	98,703
Positive fair value of derivatives contracts (Note 31)	**63,991**	30,358
Net prepaid pension costs (Note 27)	**848**	776
	5,817,075	4,739,950

21 ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

At 31 December 2011, accounts receivable amounting to QR 893,416 thousands (2010: QR 783,646 thousands) were impaired and fully provided for.

Movement in the allowance for impairment of accounts receivable is as follows:

	2011 ***QR'000***	*2010* *QR'000*
At 1 January	**783,646**	654,393
Derecognition of joint venture	**(14,419)**	-
Acquisition of subsidiary (Note 4.1)	**28,839**	-
Charge for the year (Note 7)	**247,706**	199,364
Amounts written off	**(116,455)**	(71,507)
Amount recovered	**(30,881)**	(8,473)
Exchange adjustment	**(5,020)**	9,869
At 31 December	**893,416**	783,646

At 31 December 2011, the ageing of unimpaired accounts receivable is as follows:

			Past due not impaired			
	Total *QR '000*	*Neither past due nor impaired* *QR '000*	*< 30days* *QR '000*	*30-60 Days* *QR '000*	*60-90 Days* *QR '000*	*> 90 days* *QR '000*
2011	**2,466,164**	**619,672**	**385,081**	**446,844**	**278,190**	**736,377**
2010	2,180,994	504,503	406,977	251,791	186,107	831,616

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.

22 CASH AND CASH EQUIVALENTS

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

	2011 ***QR'000***	*2010* *QR'000*
Bank balances and cash	**21,249,832**	25,575,667
Bank overdraft (Note 26)	**-**	(1,710)
Total bank balances and cash as at 31 December	**21,249,832**	25,573,957
Less:		
Restricted deposits	**(198,944)**	(16,037)
Cash and cash equivalents as per consolidated statement of cash flows at 31 December	**21,050,888**	25,557,920

22 CASH AND CASH EQUIVALENTS (continued)

Notes:

(i) Bank balances and cash equivalents include fixed deposits maturing after three months amounting to QR 13,860,975 thousands (2010: QR 15,804,342 thousands). The management is of the opinion that these fixed deposits are readily convertible to cash and is held to meet short-term commitments.

(ii) Short term deposits are made for varying periods depending on the immediate cash requirements of the Group and the interest on the respective short term deposit rates range from 0.35% to 9.75% (2010 : 0.76% to 10%)

23 SHARE CAPITAL

	2011 ***QR'000***	*2010* *QR'000*
Authorised		
200,000,000 Ordinary shares of QR 10 each	**2,000,000**	2,000,000
Issued and fully paid up		
176,000,000 Ordinary shares of QR 10 each	**1,760,000**	1,466,667

The Government of the State of Qatar owns 55% of the share capital.

24 RESERVES

a) Legal reserve

In accordance with Qatar Commercial Companies' Law No. 5 of 2002 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 thousands, 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 Companies' law and the Company's Articles of Association. No Such transfer has been made during the year as the legal reserve has already exceeded 50% of the paid up share capital.

b) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments and effective portion of qualifying cash flow hedges.

c) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

d) Other statutory reserves

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

25 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2011 *QR'000*	*2010* *QR'000*
Available-for-sale investments:		
Gain arising during the year	**261,341**	279,512
Reclassification adjustments for profit included in the consolidated income statement	**(1,568)**	(40,516)
Transfer to income statement on impairment (Note 17)	**25,396**	9,999
	285,169	248,995
Cash flow hedges :		
Gain arising during the year	**345,951**	1,627
Income tax effect	**(1,855)**	2,228
Ineffective portion of cash flow hedges transferred to income statement (Note 9)	**(684)**	(107)
	343,412	3,748
Associates:		
Share of changes in fair value of cash flow hedges	**(2,099)**	1,473
Translation reserves:		
Exchange differences on translation of foreign operations	**(415,013)**	1,053,146
Income tax benefits	**(56)**	689
	(415,069)	1,053,835
Other comprehensive income for the year, net of tax	**211,413**	1,308,051

26 INTEREST BEARING LOANS AND BORROWINGS

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

		2011 *QR'000*	*2010* *QR'000*
The Company's loans:			
Loan 1	Aug 2012	**10,924,500**	10,924,500
Loan 2	Various	**7,283,000**	7,283,000
Subsidiaries' loans:			
Qtel International Finance Limited			
Loan 3	Jun 2014	**3,277,350**	3,277,350
Loan 4	Jun 2019	**2,184,900**	2,184,900
Loan 5	Oct 2016	**3,641,500**	3,641,500
Loan 6	Feb 2021	**3,641,500**	3,641,500
Loan 7	Oct 2025	**2,731,125**	2,731,125
Omani Qatari Telecommunications Company S.A.O.G.			
Loan 8	Mar 2012	**522,275**	672,675
National Mobile Telecommunications Company K.S.C. and its subsidiaries:			
Loan 9	Various	**1,175,236**	1,319,554
Loan 10	Mar 2012	**-**	140,530
Loan 11	Nov 2013	**21,849**	43,698
Loan 12	Various	**260,597**	317,610
Loan 13	Jan 2014	**-**	364,988
Wi tribe Limited:			
Loan 14	May 2011	**-**	425,321
Asiacell Communications PJSC:			
Loan 15	Mar 2012	**455,188**	-
Loan 16	-	**573,536**	-
PT Indosat Tbk and its subsidiaries:			
Loan 17	Feb 2014	**835,724**	1,638,691
Loan 18	Nov 2019	**586,680**	660,021
Loan 19	Sep 2012	**401,577**	526,526
Loan 20	Feb 2014	**602,365**	-
Loan 21	Sep 2012	**401,577**	526,526
Loan 22	Feb 2014	**602,365**	-
Loan 23	May 2012	**194,290**	198,012
Loan 24	Various	**864,861**	810,242
Loan 25	Jun 2011	**-**	330,091
Loan 26	Various	**1,044,100**	1,053,052
Loan 27	Various	**433,704**	437,421
Loan 28	Various	**522,050**	526,526

Continued ...

26 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

		2011 *QR'000*	*2010* *QR'000*
Loan 29	Jul 2020	**2,366,976**	2,366,998
Loan 30	Jun 2011	**-**	115,431
Loan 31	May 2014	**160,631**	162,008
Loan 32	Apr 2013	**228,899**	230,861
Loan 33	Various	**80,315**	81,004
Others:			
Loan 34	Various	**227,729**	218,825
Bank overdrafts (Note 22)		**-**	1,710
		46,246,399	46,852,196
Less: Deferred financing costs		**(463,364)**	(590,522)
		45,783,035	46,261,674

Presented in the consolidated statement of financial position as:

	Principal repayment amount *QR'000*	*Deferred financing costs* *QR'000*	*2011* *QR'000*	*2010* *QR'000*
Current portion	**13,953,354**	**(102,616)**	**13,850,738**	2,518,853
Non-current portion	**32,293,045**	**(360,748)**	**31,932,297**	43,742,821
	46,246,399	**(463,364)**	**45,783,035**	46,261,674

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

	2011 *QR'000*	*2010* *QR'000*
At 1 January	**590,522**	402,826
Additions during the year	**24,096**	335,870
Amortised during the year (Note 9)	**(150,761)**	(152,632)
Exchange adjustment	**(493)**	4,458
At 31 December	**463,364**	590,522

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At 31 December 2011

26 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Notes:

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Qatar Telecom (Qtel) Q.S.C.					
Loan 1	USD 3.0 billion / QR 10.9 billion	Unsecured	LIBOR Plus Margin	Refinancing of QR. 9.10 billion old bridge loan facility and general corporate purposes	The loan was fully drawn on September 2007.
Loan 2	USD 2.0 billion / QR 7.3 billion			For general corporate purposes	The loan will mature in 2 tranches of USD 1.25 billion on May 2013 and USD 0.75 billion on May 2015.
Qatar International Finance Limited					
Loan 3	USD 0.9 billion / QR 3.3 billion	Unconditional and irrevocable guarantee by Qtel (Parent)	6.50%	For general corporate purposes	In May 2009, the Group established a US$ 5 Billion (QR 18.2 Billion) Global Medium Term Note Programme ("Notes"). The Notes were issued in 2 tranches - the first tranch covering Loans 3 and 4 amounting to USD 1.5 billion (QR 5.4 billion) was issued on June 2009. The second tranch covering Loans 5, 6 and 7 amounting to USD 2.75 billion (QR 10 billion) was issued on October 2010.
Loan 4	USD 0.6 billion / QR 2.2 billion		7.88%		
Loan 5	USD 1.0 billion / QR 3.64 billion		3.38%		
Loan 6	USD 1.0 billion / QR 3.64 billion		4.75%		
Loan 7	USD 0.75 billion / QR 2.73 billion		5.00%		
Omani Qatari Telecommunications Company S.A.O.G. (Nawras).					
Loan 8	USD 270 million / QR 983 million	Secured by a charge on the company's dollar proceeds account and the insurance proceeds of property, plant and equipment and corporate guarantees of shareholders of Nawras.	LIBOR Plus Margin	For general corporate purposes	The loan agreement contains certain restrictive covenants. The loan is repayable in nine semi-annual installments which commenced from March 2008. The subsidiary has received a market disruption clause notice from some of its lenders which request that finance cost on the commercial loan facility be based on LIBOR plus an additional margin from March 2009. The average annual additional interest paid in relation to this during the year was 0.89% (2010: 1.18%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26 INTEREST BEARING LOANS AND BORROWINGS (continued)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
National Mobile Telecommunications Company K.S.C. and subsidiaries					
Loan 9	QR 1.18 Billion	These loans are secured by pledges on the respective subsidiaries assets.	Algerian Repo rate plus 1.3% to 3.4% per annum and LIBOR plus 1.10% to 4.15% per annum	For general corporate purposes	Repayable in instalments over a period from December 2005 to March 2015.
Loan 10	-		EURIBOR plus 1% per annum and Tunisia money market rate plus 2% per annum		Repayable over a period of 4 years in instalments starting from March 2008. During the year, the loan has been repaid in full.
Loan 11	QR 21.8 million		6 months LIBOR plus 3.5%		Repayable over a period of 5 years in instalments starting from November 2008.
Loan 12	QR 261 million		LIBOR plus 5.31% to 6.34% per annum		Repayable in semi-annual instalments commencing January 2011 and ending January 2016.
Loan 13	-	Unsecured	1% per annum over the Central Bank of Kuwait discount rate		Repayable in instalments or at maturity by December 2013. During the year, the loan has been repaid in full.
wi-tribe Limited					
Loan 14	USD 151 million / QR 550 million	Unsecured revolving credit facility	6%	For general corporate purposes	The loan was repayable by 11 May 2011. During the year, the loan has been repaid in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26 INTEREST BEARING LOANS AND BORROWINGS (continued)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Asiacell					
Loan 15	USD 250 million / QR 910 million	Unsecured	LIBOR plus 3%	This facility was utilised to finance the settlement of outstanding license costs along with interest and other fees to Communications and Media Commission, Iraq (CMC)	The loan is repayable in 6 equal monthly installments and the first installment was paid on 20 October 2011.
Loan 16	USD 157.5 million QR 573.5 million	Unsecured	9%	For general corporate purposes	This relates to the amounts due to the shareholders of ACL which has been reclassified pursuant to recent capitalization of the company on account of its conversion to a private joint stock company (PJSC). The terms of the facility is still under negotiation.
PT Indosat Tbk and its subsidiaries:					
Loan 17	USD 450 million / QR 1.64 billion	Unsecured	US Dollar LIBOR plus 1.9% p.a. for onshore and 1.85% p.a. for offshore lenders	To finance the subsidiary's capital expenditure, purchase of a portion of its Guaranteed notes due on 2010 and 2012 and for general working capital requirements.	The Syndicated US dollar loan facility was signed in June 2008 and is repayable semi-annually over a period of 4 to 5 years. Based on the loan agreement the subsidiary is required to maintain certain loan covenants such as maintaining certain financial ratios.
Loan 18	USD 160 million / QR 583 million	-	5.69% p.a.	To finance 85% of the French content under the Palapa D Satellite and 100% of the COFACE premium	12 year - COFACE term facility Payable in twenty semi-annual instalments
	USD 44 million / QR 160 million	-	USD LIBOR + 0.35% p.a.	To finance 85% of the launch service contract under the Palapa D Satellite	12 year - SINOSURE term facility Payable in twenty semi-annual installments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26 INTEREST BEARING LOANS AND BORROWINGS (continued)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 19	Rp 2,000 billion / QR 810 million	Unsecured	Year 1 - 9.75% Year 2 - 10.5% Year 3 to 5 - JIBOR+1.5%	Purchase of telecommunication equipments	Based on the loan agreement the subsidiary is required to maintain certain covenants, such as maintaining certain financial ratios.
Loan 20	Rp 1,500 billion / QR 602 million	Unsecured	1-month JIBOR plus 1.25%	To finance the company's operational working capital, capital expenditure and/or refinancing requirements	In June 2011 the company entered into a revolving loan facility agreement. In Dec. 2011 the company drew down from this facility. Based on the facility agreement, the Company is required to comply with certain covenants such as maintaining financial ratios.
Loan 21	Rp 2,000 Billion / QR 810 million	Unsecured	Year 1 - 9.75% Year 2 - 10.5% Year 3 to 5 - JIBOR+1.5%	Purchase of telecommunication equipments and repayment of old loan facility	In September, October and December 2007, the subsidiary made draw downs for the full loan amounts. Based on the loan agreement the subsidiary is required to maintain certain covenants, such as maintaining certain financial ratios.
Loan 22	Rp 1,500 Billion / QR 607.5 million	Unsecured	JIBOR + 1.4% p.a. However, starting December 1, 2011, JIBOR + 1.25% p.a	For general corporate purposes	The revolving time loan had an initial maximum amount of Rp1,000,000. In December, 2011, the facility was amended to increase the amount up to Rp1,500,000 and change the interest rate. Each drawdown matures 1 month from the drawdown date. Subsequently, on August 2011, the Company obtained an approval from BCA to amend the maturity date of each drawdown to become at the latest on February 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

26 INTEREST BEARING LOANS AND BORROWINGS (continued)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 23	Rp 434.3 billion / QR 174.4 million	Unsecured	8.75% per annum If FX conversion option is opted, starting May 30, 2012, the loan will bear interest at the fixed annual rate of 6.45% applied on the US$50 million .	Purchase of telecommunication equipments	Based on the loan agreement the subsidiary is required to maintain certain covenants, such as maintaining certain financial ratios.
Loan 24	USD 0.32 billion / QR 1.80 billion	Unsecured	Facility A: Margin of 0.25%, LIBOR, SEK Funding Cost of 1.05% and EKN Premium Margin of 1.58%. Facility B: Margin of 0.05%, Commercial Interest Reference Rate ("CIRR") and EKN Premium Margin of 1.61% Facility C: Margin of 0.05%, CIRR and EKN Premium Margin of 1.61% payable semi-annually.	Purchase of telecommunication equipments	Credit facilities consisting of facilities A,B and C with maximum amounts of US $100 million, US$155 million and US$ 60 million respectively Loan drawdowns are payable semi-annually
Loan 25	Rp 815 billion / QR 327 million	All assets as pari-passu security	12% per annum	For capital expenditure purposes	These are 4th Indosat Bonds issued in 2005 with BRI as the trustee. Buy-back option available at market price on 1st anniversary. Early settlement option at 100% of bonds nominal value on 4th anniversary. Certain financial ratios to be maintained as part of loan covenants. During the year the bond was repaid in full.
Loan 26	Rp 2,600 billion / QR 1.05 billion	All assets as pari-passu security	Series A 10.2% and series B 10.65%	For capital expenditure purposes	The loan represents the fifth Indosat bonds and consists of 2 series: Series A amounting to Rp 1,230 billion (QR 494 million) issued on May 2007 and maturing May 2014; and Series B amounting to Rp 1,370 billion (QR 550 million) issued on May 2007 and maturing May 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

26 INTEREST BEARING LOANS AND BORROWINGS (continued)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 27	Rp 1,080 billion (QR 434 million)	All assets as pari-passu security	Series A 10.25% and series B 10.80%	For Capital Expenditure purposes	The loan represents the sixth Indosat bonds and consists of 2 series with BRI as the trustee: Series A amounting to Rp 760 billion (QR 305 million) issued on April 2008 and maturing on April 2013; and Series B amounting to Rp 320 billion (QR 128.5 million) issued on April 2008 and maturing on April 2015. The subsidiary is required to maintain certain financial ratios as required by the loan agreement.
Loan 28	Rp 1,300 billion (QR 522 million)	All assets as pari-passu security	Series A 11.25% and series B 11.75%	Purchase of base station subsystem to expand the subsidiary's cellular network	The loan represents the seventh Indosat bonds consists of 2 series :- Series A amounting to Rp 700 billion (QR 281 million) issued on December 2009 and maturing on December 2014; and Series B amounting to Rp 600 billion (QR 241 million) issued on March 2010 and maturing on 8 December 2016. The subsidiary is required to maintain certain financial ratios as required by the loan agreement.
Loan 29	USD 650 million QR 2.37 billion	Unconditionally and irrevocably guaranteed	7.375%	For purchase of Guarantee notes maturing in 2010 and 2012 and for refinancing part of the existing facilities	This represents the Guaranteed Notes ("GN‖") 2020 issued at 99.478% of their principal amount and bear interest at the fixed rate of 7.375% per annum payable semi-annually on 29 January and 29 July of each year, commencing on 29 January 2011. The notes will mature on July 29, 2020. The notes will be redeemable at the option of IPBV, in whole or in part, at any time on or after 29 July 2015 at prices equal to 103.6875%, 102.4583%, 101.2292% and 100% of the principal amount during the 12-month period commencing 29 July 2015, 2016, 2017 and 2018 and thereafter, respectively, plus accrued and unpaid interest. Certain financial ratios to be maintained as part of the covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

26 INTEREST BEARING LOANS AND BORROWINGS (continued)

Facility reference	Facility/ net drawn amount	Collateral	Interest rate	Purpose of the facility	Facility details
Loan 30	Rp 285 billion QR 115 million	All assets as pari-passu security	Yearly QR 13.8 million fixed Ijarah costs	For Capital Expenditure purposes	Syari'ah Ijarah Bonds issued in 2005 with BRI as the trustee. Buyback option is embedded at market price on 1st anniversary (expired). Early settlement option is available at 100% of bonds nominal value on 4th anniversary. Certain financial ratios need to be maintained as part of the covenants. During the year the bond was repaid in full.
Loan 31	Rp 400 billion QR 161 million	All assets as pari-passu security	Yearly QR 16.5 million fixed Ijarah costs	For Capital Expenditure purposes	Sukuk Ijarah II bonds were issued on May 2007 with BRI as the trustee. Buyback option is embedded at the market price on 1st anniversary (expired). Early settlement option is available at 100% of bonds nominal value on 4th anniversary. Certain financial ratios need to be maintained as part of the covenants.
Loan 32	Rp 570 billion QR 230 million	All assets as pari-passu security	Yearly QR 23.7 million fixed Ijarah costs	For capital expenditure purposes	Sukuk Ijarah III bonds were issued on April 2008 BRI is the trustee. Buyback option is embedded at the market price on the 1st anniversary (expired). Early settlement option available at 100% of bond nominal value on 4th anniversary. Certain financial ratios need to be maintained as part of the covenants.
Loan 33	Rp 200 billion QR 81 million	Unsecured	Annual fixed Ijarah return. Series A bonds QR 1.2 million and Series B bonds QR 8.1 million	For the purchase of Base Station Subsystem to expand the subsidiary's cellular network.	Sukuk Ijarah IV bonds were issued in year 2009 with BRI as the trustee. Series A bonds amounting to Rp 28 billion (QR 11 million) with annual fixed Ijarah return totalling Rp 3,1 billion (QR 1.2 million) payable on a quarterly basis starting March 2010 up to December 2014. Series B bonds amounting to Rp 172 billion (QR 69 million) with annual fixed Ijarah return totaling Rp 20.2 billion (QR 8.1 million) payable on a quarterly basis starting March 2010 up to December 2016. The bonds will mature before maturity date if, after the 1st anniversary of the bonds, the subsidiary exercises its option to buy back part or all of the bonds at market price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26 INTEREST BEARING LOANS AND BORROWINGS (continued)

Others - Loan 34:

This represents the following facilities as at 31st December 2011:

- Indosat - 9-Year Commercial Loan
- Indosat - Second Indosat Bond - Series B
- Indosat - Lintasarta Limited bonds I
- Indosat - Lintasarta Limited bonds II
- Indosat - CIMB Niaga 5 - this was repaid in full during the year
- Indosat - CIMB Niaga 6
- Indosat – FEC facility - this was repaid in full during the year
- Asiacell - Hermes Facility with HSBC
- Starlink - Bank facility

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27 EMPLOYEE BENEFITS

	2011 *QR'000*	*2010* *QR'000*
Employees' end of service benefits	**378,869**	337,640
Post retirement health care plan	**223,177**	258,917
Cash settled share based payments	**177,641**	235,018
Defined benefit pension plan/Labour Law No. 13/2003	**78,038**	76,121
Other employee benefits	**14,952**	18,304
Total employee benefits	**872,677**	926,000
Current portion of cash settled share based payments	**(71,515)**	(12,675)
Employee benefits – non current	**801,162**	913,325

Movement in the provision for employee benefits are as follows:

	2011 *QR'000*	*2010* *QR'000*
At 1 January	**926,000**	770,262
Provided during the year	**1,476**	153,232
Paid during the year	**(55,670)**	(13,277)
Exchange adjustment	**871**	15,783
At 31 December	**872,677**	926,000

The details of the benefit plans operated by the Group are as follows:

Employees' end of service benefits
The Company and its certain subsidiaries provide end of service benefits to their 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.

The subsidiaries, Indosat, Satelindo and Lintasarta have defined benefit and defined contribution pension plans covering substantially all of their qualified permanent employees.

27 EMPLOYEE BENEFITS (continued)

Post-retirement healthcare plan
The subsidiary provides post-retirement healthcare benefits to its employees who leave after the employees fulfill the early retirement requirement. The spouse and children who have been officially registered in the administration records of the subsidiary are also eligible to receive benefits. If the employees die, the spouse and children are still eligible for the post-retirement healthcare until the spouse dies or remarries and the children reach the age of 25 or get married.

The utilization of post-retirement healthcare is limited to an annual maximum ceiling that refers to monthly pension from Jiwasraya as follows:

- 16 times the Jiwasraya monthly pension for a pensioner who receives monthly pension from Jiwasraya.
- 16 times the equality monthly pension for a pensioner who became permanent employee after 1 September 2000.
- 16 times the last monthly pension for a pensioner who retired after 1 July 2003 and does not receive Jiwasraya monthly pension.

The net periodic post-retirement healthcare cost for the year ended 31 December 2011 was calculated based on the actuarial valuations as of 31 December 2011. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method and applying the following assumptions:

	2011	*2010*
Annual discount rate	**8.0%**	9.5%
Ultimate cost trend rate	**6.0%**	6.0%
Next year trend rate	**12.0%**	14.0%
Period to reach ultimate cost trend rate	**4 Years**	4 years

a) The composition of the periodic post-retirement healthcare cost for the year ended 31 December is as follows:

	2011 ***QR'000***	*2010* *QR'000*
Interest cost	**28,643**	26,416
Service cost	**10,031**	11,312
Amortization of unrecognized past service cost	**3,778**	4,189
Amortisation of unrecognised actuarial loss	**2,230**	-
Curtailment gain	**(75,527)**	-
Periodic post-retirement healthcare cost	**(30,845)**	41,917

b) The composition of the accrued post-retirement healthcare cost as of 31 December is as follows:

	2011 ***QR'000***	*2010* *QR'000*
Projected benefit obligation	**276,200**	342,905
Unrecognized actuarial loss	**(41,635)**	(65,388)
Unrecognized past service cost	**(6,185)**	(12,658)
Accrued post-retirement healthcare cost	**228,380**	264,859

27 EMPLOYEE BENEFITS (continued)

Post-retirement healthcare plan (continued)

c) Movements in the accrued post-retirement healthcare cost during the year ended 31 December is as follows:

	2011 ***QR'000***	*2010* *QR'000*
At 1 January	**264,859**	217,638
Net periodic post-retirement healthcare cost	**(30,844)**	41,917
Benefit payment	**(4,409)**	(5,049)
Exchange adjustment	**(1,226)**	10,353
Total post retirement healthcare benefits	**228,380**	264,859
Current portion of post retirement healthcare benefits (included in note 29)	**(5,203)**	(5,942)
Non-current portion of post retirement healthcare benefits	**223,177**	258,917

d) The effect of 1% change in assumed post-retirement healthcare cost trend rate would result in aggregate service and interest costs for the year ended 31 December and accumulated post-retirement healthcare benefit obligation as of 31 December is as follows:

	2011 ***QR'000***	*2010* *QR'000*
Increase		
Service and interest costs	**47,568**	47,218
Accumulated post-retirement healthcare benefit obligation	**339,177**	417,551
Decrease		
Service and interest costs	**29,567**	31,133
Accumulated post-retirement healthcare benefit obligation	**227,544**	284,580

Defined Benefit Pension Plan/Labour Law No. 13/2003

i) Labour Law No. 13/2003

Indosat, 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.

The net periodic pension cost under the Labor Law for the year ended 31 December 2011 is calculated based on the actuarial valuations as of 31 December 2011. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method and applying the following assumptions:

	2011	***2010***
Annual discount rate	**7.5%**	8.5% - 9.0%
Annual rate of increase in compensation	**8.0% - 9.0%**	8.0% - 9.0%

27 EMPLOYEE BENEFITS (continued)

i) Labour Law No. 13/2003 (continued)

a) The composition of the periodic pension cost under the Labor Law for the year ended 31 December is as follows:

	2011 ***QR'000***	*2010* *QR'000*
Service cost	**12,194**	8,715
Interest cost	**6,600**	7,849
Amortisation of recognised actuarial loss	**297**	601
Amortisation of unrecognised actuarial loss	**7**	-
Curtailment gain	**(14,802)**	-
Periodic pension cost	**4,296**	17,165

b) The composition of the accrued pension cost under the Labour Law during the year ended 31 December is as follows:

	2011 ***QR'000***	*2010* *QR'000*
Projected benefit obligation	**116,913**	88,195
Unrecognised actuarial loss	**(33,529)**	(6,985)
Unrecognised past service cost	**(3,458)**	(3,901)
Accrued pension cost	**79,926**	77,309
Current portion accrued pension costs (included in note 29)	**(1,888)**	(1,188)
Non-current portion accrued pension cost	**78,038**	76,121

ii) Defined Benefit Pension Plan

The subsidiaries, Indosat, Satelindo and Lintasarta provide defined benefit pension plans to their respective employees under which pension benefits to be paid upon retirement are based on the employees' most recent basic salary and number of years of service. PT Asuransi Jiwasraya ("Jiwasraya"), a state-owned life insurance company, manages the plans. Pension contributions are determined by periodic actuarial calculations performed by Jiwasraya.

Based on an amendment dated 22 December 2000 of the subsidiaries pension plan, which was further amended on 29 March 2001, the benefits and premium payment pattern were changed. Before the amendment, the premium was regularly paid annually until the plan would be fully funded and the benefits consisted of retirement benefit (regular monthly or lump-sum pension) and death insurance. In conjunction with the amendment, the plan would be fully funded after making installment payments up to January 2002 of the required amount to fully fund the plan determined as of 1 September 2000. The amendment also includes an additional benefit in the form of thirteenth-month retirement benefit, which is payable annually 14 days before Idul Fitri ("Moslem Holiday").

The amendment covers employees registered as participants of the pension plan as of 1 September 2000 and includes an increase in basic salary pension by 9% compounded annually starting from 1 September 2001. The amendment also stipulates that there will be no increase in the premium even in cases of mass employee terminations or changes in marital status.

The total premium installments based on the amendment amounted to QR 142,560 thousands and were paid on due dates.

27 EMPLOYEE BENEFITS (continued)

ii) Defined Benefit Pension Plan (continued)

On 1 March 2007, one of the subsidiary entered into an agreement with Jiwasraya to provide defined death insurance plan to 1,276 employees as of 1 January 2007, who are not covered by the defined benefit pension plan as stated above. 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.

On 25 June 2003, Satelindo entered into an agreement with Jiwasraya to amend the benefits and premium payment pattern of the former's pension plan. The amendment covers employees registered as participants of the pension plan as of 25 December 2002 up to 25 June 2003. Other new conditions include the following:

- An increase in pension basic salary at 6% compounded annually starting from 25 December 2002.
- Thirteenth-month retirement benefit, which is payable annually 14 days before Idul Fitri.
- An increase in periodic payment of retirement benefit at 6% compounded annually starting one year after receiving periodic retirement benefit for the first time.
- If the average annual interest rate of time deposits of government banks exceeds 15%, the participants' retirement benefit will be increased by a certain percentage in accordance with the formula agreed by both parties.

On 15 April 2005, Lintasarta entered into an agreement with Jiwasraya to replace their existing agreement. Based on the new agreement, the benefits and premium payment pattern were changed. This agreement is effective starting 1 January 2005. The total premium installments based on the agreement amounted to QR 24,746 thousands which is payable in 10 annual installments starting 2005 until 2015.

The new agreement covers employees registered as participants of the pension plan as of 1 April 2003. The conditions under the new agreement include the following:

- An increase in pension basic salary by 3% (previously was estimated at 8%) compounded annually starting 1 April 2003.
- An increase in periodic payment of retirement benefit at 5% compounded annually starting one year after receiving periodic retirement benefit for the first time.
- If the average annual interest rate of time deposits of government banks exceeds 15%, the participants' retirement benefit will be increased by a certain percentage in accordance with the formula agreed by both parties.

27 EMPLOYEE BENEFITS (continued)

ii) Defined Benefit Pension Plan (continued)

On 2 May 2005, Lintasarta entered into an agreement with Jiwasraya to amend the above agreement. The amendment covers employees registered as participants of the pension plan as of 1 April 2003 up to 30 November 2004 with additional 10 annual premium installments totalling QR 663.8 thousands which are payable starting 2005 until 2015.

The contributions made by Lintasarta to Jiwasraya amounted to QR 3,876 thousands each for the year ended 31 December 2011 (2010: QR 3, 910 thousands).

The net periodic pension cost for the pension plans for the year ended 31 December 2011 is calculated based on the actuarial valuations as of 31 December 2011. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method and applying the following assumptions:

	2011	*2010*
Annual discount rate	**7.0% - 7.5%**	8.5% -9.0%
Expected annual rate of return on plan assets	**4.5% - 9.0%**	4.5% - 8.0%
Annual rate of increase in compensation	**3.0% - 9.0%**	3.0 – 9.0%
Mortality rate	**TMI 1999**	TMI 1999

a) The composition of the net periodic pension cost for the year ended 31 December is as follows:

	2011 QR'000	*2010 QR'000*
Interest cost	**19,928**	29,878
Service cost	**12,880**	16,730
Settlement cost	**1,934**	-
Amortisation of unrecognised actuarial loss	**496**	341
Return on plan assets	**(21,689)**	(28,640)
Curtailment gain	**(6,926)**	-
Net periodic pension cost	**6,623**	18,309

b) The funded status of the plans as of 31 December is as follows:

	2011 QR'000	*2010 QR'000*
Plan assets at fair value	**216,411**	345,465
Projected benefit obligation	**(185,960)**	(304,018)
Excess of plan assets over projected benefit obligation	**30,451**	41,447
Unrecognised actuarial loss	**11,832**	4,426
Total prepaid pension cost	**42,283**	45,873

27 EMPLOYEE BENEFITS (continued)

ii) Defined Benefit Pension Plan (continued)

c) Movement in the prepaid pension cost during the year ended 31 December was as follows:

	2011 ***QR'000***	*2010* *QR'000*
At 1 January	**45,873**	58,038
Net periodic pension cost	**(6,623)**	(18,309)
Refund	**(826)**	(261)
Contribution	**4,028**	3,958
Exchange adjustment	**(169)**	2,447
At 31 December	**42,283**	45,873
Presented in the consolidated statement of financial position as follows:		
Current portion (Note 21)	**848**	776
Long-term portion (Note 18)	**41,435**	45,097
	42,283	45,873

Plan assets as of 31 December 2011 principally consisted of time deposits, debt securities, long-term investment in shares of stock and property.

iii) Defined Contribution Pension Plan

In May 2001 and January 2003, the subsidiary PT Indosat Tbk and Satelindo assisted their employees in establishing their respective employees' defined contribution pension plans, in addition to the defined benefit pension plan as mentioned above. Starting June 2004, the subsidiary also assisted ex-IM3 employees in establishing their defined contribution pension plan. Under the defined contribution pension plan, the employees contribute 10% - 20% of their basic salaries, while the subsidiary does not contribute to the plans. Total contributions of employees for the year ended 31 December 2011 amounted to QR 17,553 thousands (2010: QR 18,857 thousands). The plan assets are being administered and managed by seven financial institutions appointed by the subsidiary, based on the choice of the employees.

28 OTHER NON-CURRENT LIABILITIES

	2011 ***QR'000***	*2010* *QR'000*
Communications and Media Commission (CMC) Iraq (i)	**-**	1,365,563
Ministry of Communication and Technology ('MOCIT') Indonesia (ii)	**939,596**	1,044,706
Non-current portion of negative fair value of derivatives (Note 31)	**-**	357,004
Ministry of Telecommunications and Information Technology- Palestine	**197,903**	197,903
Telecommunications Regulatory Commission ("TRC") Jordan (iii)	**21,838**	24,391
Site restoration provision (iv)	**59,485**	30,601
Others	**106,463**	165,231
	1,325,285	3,185,399

28 OTHER NON-CURRENT LIABILITIES (CONTINUED)

Notes:

(i) In August 2007, the CMC granted Asiacell Communications LLC, Iraq ("ACL, Iraq") a 15 year license, which may be extended by an additional 5 years, to operate a public mobile terrestrial wireless cellular telecommunications network. The license requires that ACL, Iraq pay a license fee of QR 4,551,875 thousands to the CMC of which QR 1,820,750 thousands was outstanding as at 31 December 2010. This was fully settled during the year along with the interest.

(ii) This amount represents the amounts payable to the Ministry of Communication and Technology with respect to the 3G license and Broadband Wireless Access (WDA) and amounting to QR 883,482 thousands (2010: QR 985,061 thousands) and QR 56,114 thousands (2010: QR 59,645 thousands) respectively. The 3G license was obtained in two phases, the first during the year 2006 and the second in 2009. The payment terms of the amount outstanding is based on a payment scheme considering the auction prices while obtaining the respective license and is subject to interest at the Certificate of Bank of Indonesia rate.

(iii) Amounts payable to TRC represents the fair value of obtaining the Radio Spectrum License by a subsidiary in the Hashemite Kingdom of Jordan. As agreed with TRC, the subsidiary should settle the license costs amounting to QR 36,512 thousands in annual installments of QR 4,348 thousands bearing a compound interest rate of 9%.

(iv) This amount represents the site restoration provision in the books of a subsidiary as of the reporting date. The subsidiary is committed to restore each site as it is vacated.

29 ACCOUNTS PAYABLE AND ACCRUALS

	2011 ***QR'000***	*2010* *QR'000*
Accounts payable	**3,400,641**	3,826,538
Accrued expenses	**4,079,854**	3,275,951
Interest payable	**483,476**	392,300
License costs payable (Note i)	**2,553**	459,759
Amounts due to international carriers	**368,396**	104,232
Negative fair value of derivatives (Note 31)	**382,251**	405,241
Other payables (Note ii)	**2,500,639**	2,011,617
	11,217,810	10,475,638

(i) License costs payable include current portion of the unpaid license fees payable to Communications and Media Commission (CMC) Iraq and Telecommunications Regulatory Commission ("TRC") Jordan, as more explained in Notes 28 (i) and 28 (iii) respectively.

(ii) Included in other payables is an amount of QR 358,515 thousands (2010: QR294,498 thousands) due to a Saudi operator for the usage of network which is net of costs incurred to setup and install the network equipment in the Saudi operator's facilities as per the BOT agreement.

30 DIVIDENDS AND BONUS SHARES

Dividends paid and proposed

	2011 **QR'000**	2010 QR'000
Declared, accrued and paid during the year:		
Final dividend for 2010, QR 5 per share (2009 : QR 7 per share)	**733,333**	1,026,667
Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December): Final dividend for 2011, QR 3 per share (2010 : QR 5 per share)	**528,000**	733,333

Bonus shares:
The Board of Directors has proposed the issue of bonus shares of 30% (2010: 20%) of the share capital as at 31 December 2011 amounting to QR 528,000 thousands (2010: QR 293,333 thousands) .

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

31 DERIVATIVE FINANCIAL INSTRUMENTS

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	
	2011	*2010*
	QR'000	*QR'000*
Cross currency swaps	**365,971**	1,001,413
Currency forward contracts	**977,369**	6,155
Interest rate swaps	**1,715,099**	1,759,708
	3,058,439	2,767,276

	Fair values			
	2011		*2010*	
	Positive	***Negative***	*Positive*	*Negative*
	QR'000	***QR'000***	*QR'000*	*QR'000*
Cross currency swaps	**8,890**	**2,803**	28,082	6,489
Currency forward contracts	**55,101**	**67**	16	105
Interest rate swaps	**-**	**52,691**	-	80,754
	63,991	**55,561**	28,098	87,348

Cash flow hedges
The Group has several interest rates swap and basis swap agreements with a view to limit its floating interest rate exposure on its term loans. Under the interest rate swap arrangements, the Group will pay an agreed fixed interest rate and receive floating interest rates based on US$ LIBOR.

The swap arrangements qualify for hedge accounting under IAS 39, the hedging relationship and objective, including details of the hedged items and hedging instruments are formally documented as the transactions are accounted as cash flow hedges.

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

	Negative fair value QR'000	*Positive fair value QR'000*	*Notional Amounts QR'000*
Interest rate swaps			
31 December 2011	**326,690**	**-**	**23,568,106**
31 December 2010	674,897	2,260	23,666,548

32 COMMITMENTS

Capital expenditure commitments

	2011 *QR'000*	*2010* *QR'000*
Property, plant and equipment		
Estimated capital expenditure contracted for at the end of the financial reporting year but not provided for:	**2,332,682**	2,832,404
Intangible assets		
For the acquisition of Palestine mobile license	**575,558**	515,641

Operating lease commitments

	2011 *QR'000*	*2010* *QR'000*
Future minimum lease payments:		
Not later than one year	**208,731**	180,612
Later than one year and not later than five years	**489,708**	515,269
Later than five years	**248,370**	302,158
Total operating lease expenditure contracted for at 31 December	**946,809**	998,039

33 CONTINGENT LIABILITIES

	2011 *QR'000*	*2010* *QR'000*
Letters of guarantees	**532,770**	493,341
Letters of credit	**17,213**	19,341
Claims against the Group not acknowledged as debts	**43,386**	4,678

Filings against the Company

In 2010, Vodafone Qatar filed a complaint with ictQATAR alleging that Qtel's launch of Virgin Mobile services violated the Telecommunications Law because Virgin Mobile had been established as a third mobile telecommunications provider in Qatar without a license.

Following an investigation, ictQATAR determined that Virgin Mobile was a branded service of Qtel and not an unlicensed third mobile telecommunications provider. However, ictQATAR determined that Qtel's Virgin Mobile was marketed in a way that was misleading for the period commencing 13 May 2010 and ending 18 May 2010. Accordingly, Qtel was issued a notice in 2011 to discontinue the Virgin Mobile operations. As a result Qtel has written down license costs amounting to QR 26.5 million associated with Virgin Mobile during the year.

34 TAX CLAIM

A tax claim was made to Tunisiana in 2007, relating to the electronic recharge sales made in 2006. The total amount claimed by the Tunisian Tax Authority was equivalent to QR 170,992 thousands without penalties (2010: QR 177,902 thousands).

In May 2007, Tunisiana received the first judgement which reduced the claimed amount to QR 37,156 thousands (2010: QR 38,662 thousands). In 2007, Tunisiana filed an appeal against the first judgement.

Tunisiana has made a total provision of QR 37,156 thousands (2010: QR38,662 thousands) with regards to this claim. In 2009, the court of appeal confirmed its first judgement. Tunisiana has appealed to the cassation court and awaits the decision.

On the basis of the information available at the reporting date, management believes that the provision is adequate.

35 FINANCIAL RISK MANAGEMENT

Objectives and policies

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

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

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

Market risk

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

Interest rate risk

The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, loans receivable, available-for-sale debt instruments, interest bearing loans 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 2011, after taking into the effect of interest rate swaps, approximately 73% of the Group's borrowings are at a fixed rate of interest (2010: 75%).

35 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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

	Consolidated income statement	*Equity*
	+25b.p	*+25 b. p*
	QR'000	*QR'000*
At 31 December 2011		
US$ LIBOR	**(25,421)**	**29,788**
Others	**(5,934)**	**-**
At 31 December 2010		
US$ LIBOR	(27,359)	30,034
Others	(1,699)	-

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.

	2011	*2010*
	QR'000	*QR'000*
	Assets (Liabilities)	*Assets (Liabilities)*
Indonesian Rupiah (Rp)	**3,779,610**	3,662,563
Kuwaiti Dinar (KD)	**6,266,327**	5,895,629
US Dollars (US$)	**(6,988,248)**	(7,650,079)
Euro	**(379,798)**	(165,817)
Great British Pounds (GBP)	**(5,073)**	(5,029)
Tunisian Dinar (TND)	**4,108,410**	861,473
Algerian Dinar (DZD)	**3,524,888**	1,993,075
Others	**(506,210)**	(225,921)

The US Dollar denominated balances are not considered to represent a significant currency risk as Qatari Riyal is pegged to US Dollar.

35 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)
The following table demonstrates the sensitivity to consolidated income statement 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 income statement		*Effect on equity*	
	2011	*2010*	***2011***	*2010*
	+10 %	*+10%*	***+10 %***	*+10%*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Indonesian Rupiah	**-**	-	**379,961**	366,256
KD	**-**	-	**626,633**	589,563
Tunisian Dinar	**-**	-	**410,841**	86,147
Algerian Dinar	**-**	-	**352,489**	199,307
US Dollars	**(698,825)**	(765,008)	**-**	-
Euro	**(37,980)**	(16,582)	**-**	-
GBP	**(508)**	(503)	**-**	-

More than 75% of the Group's foreign currency risks attributable to fluctuations in the US dollar are arising from its subsidiary PT Indosat Tbk. As of 31 December 2011, 27% of the Indosat's U.S. dollar-denominated debts were hedged from exchange rate risk by entering into several cross currency swap and currency forward contracts.

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 QR'000	*Effect on equity QR'000*
2011		
Qatar Exchange (QE)	**+10%**	**53,406**
Kuwait Stock Exchange (KSE)	**+15%**	**4,191**
2010		
Qatar Exchange (QE)	+10%	49,640
Kuwait Stock Exchange (KSE)	+15%	7,425

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated income statement will be impacted.

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 account receivables, bank balances, available-for-sale debt instruments and loans receivable and positive fair value of derivatives.

35 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
The Group provides telecommunication services to various parties. It is the Group's policy that all customers who wish to obtain 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 accounts receivable net of allowance for impairment as at 31 December is as follows:

	2011	*2010*
	QR'000	*QR'000*
Qatar	**666,301**	615,062
Other countries	**1,799,863**	1,565,932
	2,466,164	2,180,994

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

	2011	*2010*
	QR'000	*QR'000*
Available-for-sale debt instruments	**119,612**	117,227
Bank balances (excluding cash)	**21,191,375**	25,536,973
Positive fair value of derivatives	**63,991**	30,358
Amounts due from international carriers	**301,766**	98,703
Unbilled subscriber revenue	**346,890**	280,471
Other non-current assets	**140,341**	140,437
	22,163,975	26,204,169

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks, 84% of bank balances represents balances maintained with local banks in Qatar with a rating of A+ for long term and A1 for short term. Credit risk arising from derivative financial instruments is at any time, limited to those with positive fair values, as recorded on the consolidated statement of financial position. With gross settled derivatives, the Group is also exposed to settlement risk.

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 Groups own reserves and bank facilities. The Group's terms of sales require amounts to be paid within 30 days from the invoiced date.

35 FINANCIAL RISK MANAGEMENT (continued)

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

	On demand QR'000	*Less than 1 year QR'000*	*1 to 2 years QR'000*	*2 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
At 31 December 2011						
Interest bearing loans and borrowings	**-**	**15,688,275**	**8,451,072**	**17,397,395**	**16,426,944**	**57,963,686**
Accounts payable	**-**	**3,400,641**	**-**	**-**	**-**	**3,400,641**
License costs payable	**-**	**267,451**	**250,347**	**765,784**	**216,366**	**1,499,948**
Other financial liabilities	**-**	**830,508**	**165,611**	**-**	**-**	**996,119**
	-	**20,186,875**	**8,867,030**	**18,163,179**	**16,643,310**	**63,860,394**

	On demand QR'000	*Less than 1 year QR'000*	*1 to 2 years QR'000*	*2 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
At 31 December 2010						
Interest bearing loans and borrowings	1,710	4,815,303	15,153,921	19,177,445	20,405,155	59,553,534
Accounts payable	-	3,826,538	-	-	-	3,826,538
License costs payable	-	834,915	789,290	1,850,040	308,795	3,783,040
Other financial liabilities	-	3,405,377	387,574	248,062	-	4,041,013
	1,710	12,882,133	16,330,785	21,275,547	20,713,950	71,204,125

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 end 31 December 2011 and 31 December 2010.

Capital includes share capital, legal reserve, other statutory reserves and retained earnings and is measured at QR 18,796,880 thousands at 31 December 2011 (2010: QR 17,199,591 thousands).

36 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*	
	2011	*2010*	***2011***	*2010*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Financial assets				
Available-for-sale investments	**2,189,939**	1,862,006	**2,189,939**	1,862,006
Other non-current assets	**140,341**	140,437	**140,341**	140,437
Accounts receivable	**3,178,811**	2,590,526	**3,178,811**	2,590,526
Bank balances and cash	**21,249,832**	25,575,667	**21,249,832**	25,575,667
Financial liabilities				
Interest bearing loans and borrowings	**46,246,399**	46,852,196	**46,387,410**	46,210,611
Other non-current liabilities	**1,159,337**	2,989,567	**1,159,337**	2,989,567
Accounts payable	**7,137,956**	7,199,687	**7,137,956**	7,199,687
Current account with State of Qatar	**-**	2,891,194	**-**	2,891,194
Income tax payable	**425,221**	461,451	**425,221**	461,451

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

- Cash and short-term deposits, trade accounts receivable, trade accounts payable, 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 unquoted investments, loans from banks and other financial indebtedness, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates applicable for similar risks and maturity profiles. Fair values of unquoted financial assets are estimated using appropriate valuation techniques.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts 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.

36 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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 (Unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

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

Financial assets

	2011 ***QR'000***	***Level 1*** ***QR'000***	***Level 2*** ***QR'000***	***Level 3*** ***QR'000***
Available- for- sale investments	**2,016,343**	**677,983**	**1,244,945**	**93,415**
Derivative financial instruments	**63,991**	**-**	**63,991**	**-**
	2,080,334	**677,983**	**1,308,936**	**93,415**

	2010 *QR'000*	*Level 1* *QR'000*	*Level 2* *QR'000*	*Level 3* *QR'000*
Available- for- sale investments	1,574,733	662,270	794,584	117,879
Derivative financial instruments	30,358	-	30,358	-
	1,605,091	662,270	824,942	117,879

Financial liabilities

	2011 ***QR'000***	***Level 1*** ***QR'000***	***Level 2*** ***QR'000***	***Level 3*** ***QR'000***
Derivative financial instruments	**382,251**	-	**382,251**	**-**

	2010 *QR'000*	*Level 1* *QR'000*	*Level 2* *QR'000*	*Level 3* *QR'000*
Derivative financial instruments	762,245	-	762,245	-

36 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities (continued)
The following table shows a reconciliation of the opening and closing amount of Level 3 financial instruments which were recorded at fair value:

	2011	*2010*
	QR'000	*QR'000*
At 1 January	**117,879**	146,905
Gain / (loss) to consolidated income statement	**-**	(182)
Revaluation (loss) / gain transferred to fair value reserve	**(2,073)**	22,295
Purchases / sales	**(23,751)**	(53,045)
Exchange differences	**1,360**	1,906
At 31 December	**93,415**	117,879

37 RELATED PARTY DISCLOSURES

Related party transactions and balances
Related parties include associated companies including Government and semi Government agencies, associates (refer note 16), 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 has significant transactions with the Government of Qatar which mainly represents royalty payable (Note 11). The current account payable to the State of Qatar amounts to QR Nil (2010: QR 2,891,194 thousands). In addition, the Group enters into commercial transactions with other Government related entities in the ordinary course of business which includes of providing telecommunication services, placement of deposits and obtaining credit facilities. In the quarter four of 2011, the Company has settled the dividends and royalty fees amounting to QR 2,785,378 thousands which was included in the current account with the State of Qatar. The remaining outstanding balance of QR 532,557 thousands is included in other payables.

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

Directors' remuneration of QR 10,700 thousands was proposed for the year ended 31 December 2011 (2010: QR 10,700 thousands). In addition, an amount of QR 780 thousands (2010: QR 724 thousands) was provided to members of the Committees of the Board of Directors. The compensation and benefits related to key management personnel amounted to QR 133,935 thousands (2010: QR 153,101 thousands) and end of service benefits amounted to QR 41,087 thousands (2010: QR 15,664 thousands). The remuneration to the Board of Directors has been included under the caption "employees salaries and associated costs" in Selling, general and administration expenses in Note 7.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

Classification of investment securities
On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. All investments are classified as "available-for-sale".

Impairment of available-for-sale equity investments
The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires considerable judgment. The Group treats “significant” generally as 20-30% or more and ‘prolonged’ greater than nine (9) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Fair value of unquoted equity investments
Where the fair value of financial assets and financial liabilities recorded in the 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 unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

38 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Revenue recognition – fair value determination for customer loyalty programmes
The Group estimates the fair value of points awarded under the customer loyalty programme estimating the weighted average cost for redemption of the points. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

Hedge effectiveness for cash flow hedges
Management reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be effective. The fair values of the interest rate swaps and basis swaps are determined based on future expected LIBOR rates.

39 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 2011 QR'000***	*Carrying value 2010 QR'000*
Kuwait	**616,229**	609,162
Algeria	**2,320,382**	2,293,787
Tunisia	**4,533,185**	2,218,131
Indonesia	**4,828,671**	4,870,071
Iraq	**353,408**	353,408
Others	**71,607**	76,069
	12,723,482	10,420,628

Goodwill was tested for impairment as at 31 December 2011. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by senior management covering a period of five to ten years. In case the management considers, the annual growth rate of the CGUs being assessed will differ from the average growth rates for the countries concerned, a period of more than five years is used.

Key Assumptions used in value in use calculations

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

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

39 IMPAIRMENT TESTING OF GOODWILL (continued)

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

	(Expressed in percentage)			
Cash generating units	***Discount rate***		***Terminal value growth rate***	
	2011	*2010*	***2011***	*2010*
Kuwait	**10.3%**	10.6%	**2.75%**	**2.75%**
Algeria	**10.4%**	12.2%	**2.75%**	**2.75%**
Tunisia	**10.0%**	10.1%	**2.75%**	**2.75%**
Indonesia	**12.1%**	12.7%	**2.75%**	**2.75%**
Iraq	**14.9%**	15.1%	**2.75%**	**2.75%**

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

	2011	*2010*
Kuwait	**5.2%**	1.2%
Algeria	**6.4%**	1.45%
Tunisia	**2.7%**	1.45%
Indonesia	**3.4%**	6.48%
Iraq	**70.6%**	36.80%

During the year, based on impairment testing, the Group has recorded an impairment of QR 196,120 thousand in respect of certain assets in some subsidiaries.

40 SEGMENT INFORMATION

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. Qtel is a provider of domestic and international telecommunication services within the State of Qatar;
2. Asiacell is a provider of mobile telecommunication services in Iraq;
3. Wataniya is a provider of mobile telephone and pager systems and services in Kuwait and elsewhere in the Middle East and North African (MENA) region;
4. Indosat is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia;
5. Nawras is a provider of mobile telecommunication services in Oman and has been awarded a license to operate fixed telecommunication services; and
6. Others include some of the Group's subsidiaries which are providers of wireless and telecommunication services.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

40 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 2011 and 2010:

Year ended 31 December 2011

	Qtel QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Revenue								
Third party	5,590,591	5,859,891	9,526,760	8,526,287	1,932,305	329,512	-	31,765,346
Inter-segment	113,775	73,935	115,628	23,780	6,849	170,298	(504,265) (i)	-
Total revenue	**5,704,366**	**5,933,826**	**9,642,388**	**8,550,067**	**1,939,154**	**499,810**	**(504,265)**	**31,765,346**
Results								
Segment profit before tax	**1,506,855**	**2,010,793**	**3,643,298**	**495,667**	**566,881**	**(654,459)**	**(714,845)** (ii)	**6,854,190**
Depreciation and amortisation	**652,536**	**810,090**	**1,574,449**	**2,905,305**	**265,467**	**92,012**	**714,845** (iii)	**7,014,704**
Finance costs (net)	**46,160**	**91,882**	**83,214**	**786,389**	**30,305**	**864,365**	**-**	**1,902,315**
Share of profit / (loss) of equity-accounted investees	**4,450**	**-**	**-**	**-**	**-**	**(61,329)**	**-**	**(56,879)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

40 SEGMENT INFORMATION (continued)

Year ended 31 December 2010

	Qtel QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*	*Total QR'000*
Revenue								
Third party	5,496,805	4,979,835	6,942,710	7,929,272	1,855,496	172,464	-	27,376,582
Inter-segment	100,362	74,484	75,632	12,411	8,687	249,021	(520,597) (i)	-
Total revenue	5,597,167	5,054,319	7,018,342	7,941,683	1,864,183	421,485	(520,597)	27,376,582
Results								
Segment profit before tax	2,135,935	1,500,009	1,282,980	513,641	592,371	(601,037)	(790,427) (ii)	4,633,472
Depreciation and amortisation	641,332	688,302	1,269,382	2,632,297	229,587	66,089	790,427 (iii)	6,317,416
Finance costs (net)	237,058	95,011	90,436	859,081	36,313	486,488	-	1,804,387
Share of profit / (loss) of equity-accounted investees	(88,172)	-	-	-	-	(41,464)	-	(129,636)

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

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

	2011 QR'000	*2010 QR'000*
Amortisation of additional intangibles identified in PPA	**(714,845)**	(790,427)
	(714,845)	(790,427)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2011

40 SEGMENT INFORMATION (continued)

The following table presents segment assets of the Group's operating segments as at 31 December 2011 and 2010.

	Qtel QR'000	*Asiacell QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and Eliminations QR'000*	*Total QR'000*
Segment assets (i)								
At 31 December 2011	**27,298,376**	**8,004,974**	**26,002,367**	**23,937,514**	**2,832,775**	**1,394,438**	**12,723,482**	**102,193,926**
At 31 December 2010	**29,312,421**	**7,838,815**	**25,126,862**	**24,634,552**	**2,754,167**	**1,311,131**	**10,420,628**	**101,398,576**
Capital expenditure (ii)								
At 31 December 2011	**1,129,661**	**989,096**	**1,847,196**	**2,451,670**	**386,877**	**73,070**	**-**	**6,877,570**
At 31 December 2010	**1,323,468**	**1,351,582**	**1,366,259**	**2,216,969**	**701,264**	**176,076**	**-**	**7,135,618**
Equity- accounted investees								
At 31 December 2011	**1,475,374**	**-**	**-**	**-**	**-**	**115,967**	**-**	**1,591,341**
At 31 December 2010	**1,948,889**	**-**	**-**	**-**	**-**	**177,426**	**-**	**2,126,315**

Notes:

(i) Goodwill amounting to QR 12,723,482 thousands (31 December 2010: QR 10,420,628 thousands) was not considered as part of segment assets as goodwill is not used by the Chief Decision Making officers for strategic decision making purposes .

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

41 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 32,313 thousands (2010: QR 51,553 thousands) representing 2.5% of the net profit generated from Qatar Operations.

42 COMPARATIVE INFORMATION

Reclassification of comparative financial statements
Corresponding figures for 2010 have been reclassified in order to conform with the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or shareholder's equity.

	As reclassified QR'000	*As reported in 2010 QR'000*
Consolidated income statement		
Revenue	27,376,582	27,178,999
Operating expenses	(8,734,647)	(8,537,064)
Consolidated statement of financial position		
Other statutory reserves	404,580	-
Retained earnings	8,834,207	9,238,787
Employee benefits	913,325	690,982
Other non-current liabilities	3,185,399	3,407,742

43 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 7 February 2012, one of the Group's subsidiaries PT Indosat Tbk entered into an asset purchase agreement to sell 2,500 of its telecommunication towers to another company in Indonesia for a total potential consideration of US$ 519 million. On the same date, the company also entered into a master lease agreement with the buyer to leaseback the 2,500 site spaces on telecommunication towers for an initial period of ten years.

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