

**NATIONAL MOBILE TELECOMMUNICATIONS  
COMPANY K.S.C.P. AND SUBSIDIARIES**



**Interim condensed consolidated financial information and  
Independent auditor's review report for the period  
from 1 January 2019 to 31 March 2019  
(Unaudited)**

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## **INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

### **TO THE BOARD OF DIRECTORS OF NATIONAL MOBILE TELCOMMUNICATIONS COMPANY K.S.C.P.**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Mobile Telecommunications Company K.S.C.P. ("the Parent Company") and subsidiaries (together referred to as "the Group") as at 31 March 2019, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

#### *Scope of Review*

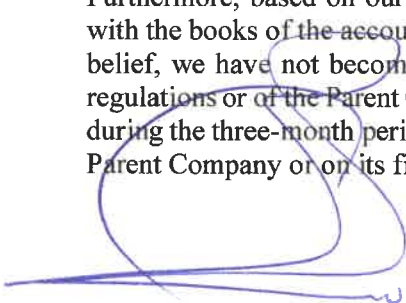
We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

#### *Report on other Legal and Regulatory Requirements*

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violation of the Companies Law No. 1 of 2016 and its executive regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



**Bader A. Al-Wazzan**  
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Kuwait  
24 April 2019

## Interim condensed consolidated statement of financial position (Unaudited)

As at 31 March 2019

		31 March 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	31 March 2018 KD 000's (Unaudited)
Note				
<b>ASSETS</b>				
<b>Non-current assets</b>				
		97,616	-	-
		507,680	514,625	553,583
		309,671	312,252	388,184
		2,653	2,653	2,900
		25,849	22,730	18,533
		5,688	6,229	5,850
		2,332	2,318	4,990
		<u>951,489</u>	<u>860,807</u>	<u>974,040</u>
<b>Current assets</b>				
		31,899	26,866	23,703
		165,259	174,317	178,723
		7,395	7,413	7,638
5		66,781	92,103	147,767
		<u>271,334</u>	<u>300,699</u>	<u>357,831</u>
<b>Total assets</b>		<u>1,222,823</u>	<u>1,161,506</u>	<u>1,331,871</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
		50,403	50,403	50,403
		(3,598)	(3,598)	(3,598)
		(308,598)	(309,192)	(251,381)
6		240,020	240,019	237,065
		<u>557,823</u>	<u>577,655</u>	<u>560,808</u>
<b>Equity attributable to shareholders of the Company</b>		<u>536,050</u>	<u>555,287</u>	<u>593,297</u>
Non-controlling interests		<u>105,195</u>	<u>107,219</u>	<u>114,787</u>
<b>Total equity</b>		<u>641,245</u>	<u>662,506</u>	<u>708,084</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
7		30,924	34,037	63,215
		11,055	10,751	9,857
		82,542	-	-
		927	1,177	983
		16,053	16,177	19,568
		-	-	23
		<u>141,501</u>	<u>62,142</u>	<u>93,646</u>
<b>Current liabilities</b>				
		12,216	-	-
8		302,964	275,122	347,001
		43,116	48,160	51,469
		9,164	16,897	22,619
7		69,171	93,194	107,865
		3,446	3,485	1,187
		<u>440,077</u>	<u>436,858</u>	<u>530,141</u>
<b>Total liabilities</b>		<u>581,578</u>	<u>499,000</u>	<u>623,787</u>
<b>Total equity and liabilities</b>		<u>1,222,823</u>	<u>1,161,506</u>	<u>1,331,871</u>



Saud Bin Nasser Al Thani  
Chairman



Chairman Office *مكتب الرئيس*

The accompanying notes form an integral part of this interim condensed consolidated financial information

**Interim condensed consolidated statement of profit or loss (Unaudited)***For the period from 1 January 2019 to 31 March 2019*

		<b>Three month period ended 31 March</b>	
		<b>2019</b>	<b>2018</b>
		<b>KD 000's</b>	<b>KD 000's</b>
<b>Note</b>		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	Revenue	<b>154,217</b>	174,604
	Operating expenses	<b>(62,788)</b>	(84,739)
	Selling, general and administrative expenses	<b>(36,968)</b>	(39,287)
	Depreciation and amortisation	<b>(34,794)</b>	(35,085)
	Finance costs – net	<b>(2,580)</b>	(1,781)
	Other Income/(Expenses) – net	<b>(1,286)</b>	2,051
	<b>Profit before provision for Directors' remuneration, Taxation related to subsidiaries, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat</b>	<b>15,801</b>	15,763
	Provision for Directors' remuneration	<b>(160)</b>	(150)
	Provision for contribution to KFAS, NLST and Zakat	<b>(403)</b>	(452)
	<b>Profit before taxation</b>	<b>15,238</b>	15,161
	Taxation related to subsidiaries	<b>(4,817)</b>	(4,502)
	<b>Profit for the period</b>	<b>10,421</b>	10,659
<i>Attributable to:</i>			
	- Shareholders of the Company	<b>8,809</b>	9,165
	- Non-controlling interests	<b>1,612</b>	1,494
		<b>10,421</b>	10,659
	<b>Basic and diluted earnings per share (fils)</b>	<b>17.58</b>	18.29

The accompanying notes form an integral part of this interim condensed consolidated financial information

**Interim condensed consolidated statement of comprehensive income (Unaudited)***For the period from 1 January 2019 to 31 March 2019*

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	2018
	<b>KD 000's</b>	KD 000's
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>10,421</b>	10,659
<b>Other comprehensive income/ (loss)</b>		
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>		
Effect of net changes in fair value of equity instruments which are carried at fair value through other comprehensive income	<b>1</b>	(1,737)
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>		
Exchange differences arising on translation of foreign operations	<b>351</b>	1,111
<b>Total other comprehensive income / (loss) for the period</b>	<b>352</b>	(626)
<b>Total comprehensive income for the period</b>	<b>10,773</b>	10,033
<i>Attributable to:</i>		
- Shareholders of the Company	<b>9,404</b>	8,411
- Non-controlling interests	<b>1,369</b>	1,622
	<b>10,773</b>	10,033

The accompanying notes form an integral part of this interim condensed consolidated financial information

**Interim condensed consolidated statement of changes in equity (Unaudited)***For the period from 1 January 2019 to 31 March 2019*

	Share capital KD 000's	Treasury shares KD 000's	Foreign currency translation reserve KD 000's	Other reserves KD 000's	Retained earnings KD 000's	Equity attributable to shareholders of the Company KD 000's	Non- controlling interests KD 000's	Total equity KD 000's
<b>Balance at 1 January 2019</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(309,192)</b>	<b>240,019</b>	<b>577,655</b>	<b>555,287</b>	<b>107,219</b>	<b>662,506</b>
Impact on adoption of IFRS 16	-	-	-	-	(3,470)	(3,470)	(1,284)	(4,754)
<b>Restated Balance at 1 January 2019</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(309,192)</b>	<b>240,019</b>	<b>574,185</b>	<b>551,817</b>	<b>105,935</b>	<b>657,752</b>
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	8,809	8,809	1,612	10,421
Other comprehensive income / (loss) for the period	-	-	594	1	-	595	(243)	352
Total comprehensive income for the period	-	-	594	1	8,809	9,404	1,369	10,773
Transfer to employee association fund	-	-	-	-	(113)	(113)	(37)	(150)
Dividend (note 9)	-	-	-	-	(25,058)	(25,058)	-	(25,058)
Dividends paid by subsidiary	-	-	-	-	-	-	(2,072)	(2,072)
<b>Balance at 31 March 2019</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(308,598)</b>	<b>240,020</b>	<b>557,823</b>	<b>536,050</b>	<b>105,195</b>	<b>641,245</b>
<b>Balance at 1 January 2018</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(252,364)</b>	<b>239,573</b>	<b>578,400</b>	<b>612,414</b>	<b>113,917</b>	<b>726,331</b>
Impact on adoption of IFRS 9 & 15	-	-	-	(771)	8,463	7,692	138	7,830
<b>Restated Balance at 1 January 2018</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(252,364)</b>	<b>238,802</b>	<b>586,863</b>	<b>620,106</b>	<b>114,055</b>	<b>734,161</b>
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	9,165	9,165	1,494	10,659
Other comprehensive income / (loss) for the period	-	-	983	(1,737)	-	(754)	128	(626)
Total comprehensive income / (loss) for the period	-	-	983	(1,737)	9,165	8,411	1,622	10,033
Transfer to employee association fund	-	-	-	-	(139)	(139)	(47)	(186)
Dividend (note 9)	-	-	-	-	(35,081)	(35,081)	(843)	(35,924)
<b>Balance at 31 March 2018</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(251,381)</b>	<b>237,065</b>	<b>560,808</b>	<b>593,297</b>	<b>114,787</b>	<b>708,084</b>

The accompanying notes form an integral part of this interim condensed consolidated financial information

**National Mobile Telecommunications Company K.S.C.P. and Subsidiaries**

**Interim condensed consolidated statement of cash flows (Unaudited)**

*For the period from 1 January 2019 to 31 March 2019*

	Note	Three month period ended 31 March	
		2019 KD 000's (Unaudited)	2018 KD 000's (Unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the period		10,421	10,659
<b>Adjustments for:</b>			
Depreciation and amortisation		34,794	35,085
Interest income	13	(354)	(437)
Impairment allowance for financial assets		2,523	3,312
Taxation relating to subsidiaries		4,817	4,502
Gain on sale of property and equipment and intangible assets		-	(67)
Finance costs	13	2,934	2,218
Provision for KFAS, NLST and Zakat	15	403	452
Provision for staff indemnity		443	445
		<u>55,981</u>	<u>56,169</u>
<i>Changes in:</i>			
Trade and other receivables; Deferred contract cost and contract assets; and other non-current assets		720	(4,424)
Inventories		(5,048)	2,414
Trade and other payables; contract liabilities and other non-current liabilities		<u>(17,525)</u>	<u>(35,666)</u>
<b>Cash generated from operations</b>		<u>34,128</u>	<u>18,493</u>
Payment of staff indemnity		<u>(208)</u>	<u>(89)</u>
<b>Net cash generated from operating activities</b>		<u>33,920</u>	<u>18,404</u>
<b>Cash flows from investing activities</b>			
Decrease/(increase) in term deposits		5,678	(1,538)
Purchase of property and equipment		(22,888)	(19,365)
Proceeds from disposal of property and equipment		2	1,279
Acquisition of intangible assets		(847)	(4,851)
Interest income received		354	437
<b>Net cash used in from investing activities</b>		<u>(17,701)</u>	<u>(24,038)</u>
<b>Cash flows from financing activities</b>			
Finance costs paid		(1,559)	(2,218)
Dividends paid		(154)	(190)
Dividends paid by subsidiary to non-controlling interest		(844)	(9,710)
Payment to employee association fund		(150)	(186)
Net (decrease)/ increase in term debts		(27,229)	34,914
Repayment of principal element of lease liability		(5,234)	-
Repayment of interest element of lease liability		(1,059)	-
<b>Net cash generated from/ (used in) financing activities</b>		<u>(36,229)</u>	<u>22,610</u>
<b>Effect of foreign currency translation</b>		<u>366</u>	<u>482</u>
<b>Net change in cash and cash equivalents</b>		<u>(19,644)</u>	<u>17,458</u>
Cash and cash equivalents at beginning of the period		<u>77,176</u>	<u>77,934</u>
<b>Cash and cash equivalents at end of the period</b>	5	<u>57,532</u>	<u>95,392</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information



**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2019 to 31 March 2019*

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**1. INCORPORATION AND ACTIVITIES**

National Mobile Telecommunications Company K.S.C.P. (“the Company”) is a Kuwaiti shareholding company incorporated by Amiri Decree on 10 October 1997. The Company and its subsidiaries (together referred to as “the Group”) are engaged in the following:

- Purchase, supply, installation, management and maintenance of wireless sets and equipment, mobile telephone services, pager system and other telecommunication services;
- Import and export of sets, equipment and instruments necessary for the purposes of the Company;
- Purchase or hiring communication lines and facilities necessary for providing the Company’s services in co-ordination with the services provided by the State, but without interference or conflict herewith;
- Purchase of manufacturing concessions directly related to the Company’s services from manufacturers or producing them in Kuwait;
- Introduction or management of other services of similar nature and supplementary to telecommunications services with a view to upgrade such services or rendering them integrated;
- Conduct technical research relating to the Company’s business in order to improve and upgrade the Company’s services in co-operation with competent authorities within Kuwait and abroad;
- Purchase and holding of lands, construction and building of facilities required for achieving the Company’s objectives;
- Purchase of all materials and machineries needed to undertake the Company’s activities as well as their maintenance in all possible modern methods;
- Use of financial surplus available at the Company by investing the same in portfolios managed by specialised companies and parties as well as authorising the board to undertake the same; and
- The Company may have interest or in any way participate with corporate and organisations which practice similar activities or which may assist it in achieving its objectives in Kuwait or abroad. It may acquire such corporates, or make them subsidiaries.

The Company operates under a licence from the Ministry of Communications, State of Kuwait and also elsewhere through subsidiaries in the Middle East and North Africa (MENA) region and Maldives. The Company’s shares are listed on the Boursa Kuwait.

The Company is a subsidiary of Ooredoo International Investment LLC (“The Parent Company”), which in turn is a subsidiary of Ooredoo Q.P.S.C. (“the Ultimate Parent Company”), which is a Qatari shareholding company listed on the Qatar Exchange.

The address of the Company’s registered office is Ooredoo Tower, Soor Street, Kuwait City, State of Kuwait, P. O. Box 613, Safat 13007, State of Kuwait.

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 24 April 2019.

**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2019 to 31 March 2019*

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**2. BASIS OF PREPARATION**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the interim condensed consolidated financial information of the Group.

This interim condensed consolidated financial information does not include all of the information required for full annual audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group, which are effective for annual reporting period starting from 1 January 2019.

The changes in the accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group adopted IFRS 16 effective from 1 January 2019. The impact on these financial statements arising from the adoption of these standards are described in detail below.

**Adoption of IFRS 16 - Leases**

The Group has applied IFRS 16, which replaces IAS 17 Leases and the related interpretations, with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the information presented for the year ended 31 December 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

The details of the changes in the accounting policies are disclosed below.

Definition of leases

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained below.

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2019 to 31 March 2019*

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

On transition to IFRS 16, the Group elected following practical expedients permitted by the standard, on lease by lease basis:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its previous assessment of leases under IAS 17 and related interpretations.

**As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

The group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.60%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment, small items of office furniture etc. underlying asset value of which is less than USD 5,000.

**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2019 to 31 March 2019***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Following is the reconciliation between operating lease commitment as at 31 December 2018 as disclosed in the Group's consolidated financial statements and lease liabilities recognised as at 1 January 2019:

	1 January 2019 KD'000
Operating lease commitment as at 31 December 2018	43,602
Add: Operating lease commitment not included in the opening balance	59,745
Adjusted operating lease commitment as at 31 December 2018	<b>103,347</b>
Discounted value using the incremental borrowing rate as at 1 January 2019	71,819
Add: Finance lease liabilities recognised as at 31 December 2018	7
Add: Adjustments as a result of a different treatment of extension and termination options and other adjustments	26,610
Lease liabilities recognized as at 1 January 2019	<b>98,436</b>
<u>Of which are:</u>	
- Non-current lease liabilities	86,745
- Current lease liabilities	11,691

The associated right-of-use assets for few leases were measured on retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right of use of assets relate to the following types of assets:

	31 March 2019 KD'000	1 January 2019 KD'000
Land and buildings	10,965	12,398
Exchange and network assets	84,072	85,901
Subscribers apparatus and other equipment	2,579	2,893
<b>Total right of use of assets</b>	<b>97,616</b>	<b>101,192</b>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right of use of assets – increase by KD 101,192 thousand
- Property and equipment – decreased by KD 4,263 thousand
- Deferred tax assets – increase by KD 2,465 thousand
- Trade and other receivables – decreased by KD 5,712 thousand
- Lease liabilities – increase by KD 98,436 thousand

The net impact on 1 January 2019 was a decrease of KD 3,470 thousand in retained earnings and KD 1,284 thousand in non-controlling interest.

**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2019 to 31 March 2019***4. JUDGEMENTS AND ESTIMATES**

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018 except for the changes resulting from adoption of IFRS 16 (set out in note 3).

**5. BANK BALANCES AND CASH**

	<b>31 March 2019 KD 000's (Unaudited)</b>	<b>31 December 2018 KD 000's (Audited)</b>	<b>31 March 2018 KD 000's (Unaudited)</b>
Bank balances and cash	<b>35,880</b>	57,522	67,543
Deposits	<b>30,919</b>	34,606	80,317
	<b>(18)</b>	(25)	(93)
Bank balances and cash in the interim condensed consolidated statement of financial position	<b>66,781</b>	92,103	147,767
Less: Deposits with original maturities of three months or more	<b>(9,249)</b>	(14,927)	(52,375)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<b>57,532</b>	77,176	95,392

The effective interest rate on interest earning deposits ranged from 1.43% to 12.72% per annum (31 December 2018: 0.52% to 12.52% per annum and 31 March 2018: 1.75% to 9.08%).

**6. OTHER RESERVES**

	<b>Share premium KD 000's</b>	<b>Statutory reserve KD 000's</b>	<b>General reserve KD 000's</b>	<b>Gain on sale of treasury shares KD 000's</b>	<b>Fair value reserve KD 000's</b>	<b>Other reserves KD 000's</b>	<b>Total reserves KD 000's</b>
<b>Balance at 1 January 2019</b>	<b>66,634</b>	<b>32,200</b>	<b>133,088</b>	<b>6,914</b>	<b>(2,229)</b>	<b>3,412</b>	<b>240,019</b>
Other comprehensive income for the period	-	-	-	-	1	-	1
<b>Balance at 31 March 2019</b>	<b>66,634</b>	<b>32,200</b>	<b>133,088</b>	<b>6,914</b>	<b>(2,228)</b>	<b>3,412</b>	<b>240,020</b>
Balance at 1 January 2018	66,634	32,200	129,887	6,914	526	3,412	239,573
Impact on adoption of IFRS 9	-	-	-	-	(771)	-	(771)
Restated balance at 1 January 2018	66,634	32,200	129,887	6,914	(245)	3,412	238,802
Other comprehensive income for the period	-	-	-	-	(1,737)	-	(1,737)
Balance at 31 March 2018	66,634	32,200	129,887	6,914	(1,982)	3,412	237,065

## Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 31 March 2019

## 7. LONG TERM DEBTS

	31 March 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	31 March 2018 KD 000's (Unaudited)
<b>Current portion</b>			
Due to local banks	36,500	57,100	67,932
Due to local banks related to subsidiaries	32,671	36,094	38,181
Due to foreign banks	-	-	1,752
	<u>69,171</u>	<u>93,194</u>	<u>107,865</u>
<b>Non-current portion</b>			
Due to local banks related to subsidiaries	30,924	34,037	53,013
Due to foreign banks	-	-	10,202
	<u>30,924</u>	<u>34,037</u>	<u>63,215</u>

Debts amounting to KD 16,305 thousand (31 December and 31 March 2018: KD 20,367 thousand and KD 29,874 thousand respectively) from banks in Algeria which are secured by fixed assets of Wataniya Telecom Algerie S.P.A.'s ("WTA"). These are subject to various obligations and financial covenants over the terms of those debts and denominated in Algerian Dinar.

Debts amounting to KD 15,206 thousand (31 December and 31 March 2018: KD 15,174 thousand and KD 23,666 thousand respectively) from banks in Palestine which are secured by fixed assets of Wataniya Palestine Mobile Telecom Limited's ("WPT"). These are denominated in US Dollar.

Unsecured debts of the Company amounting to KD 36,500 thousand (31 December and 31 March 2018: KD 57,100 thousand and KD 67,800 thousand respectively) from banks in Kuwait which are subject to financial covenants over the terms of those debts. There are denominated in Kuwaiti Dinar.

Unsecured debts of Ooredoo Tunisie S.A. amounting to KD 27,109 thousand (31 December and 31 March 2018: KD 29,599 thousand and KD 48,369 thousand respectively) from banks in Tunisia which are subject to certain financial covenants to be complied on an annual basis. These are denominated in Tunisian Dinar.

Debts amounting to KD 4,975 thousand (31 December and 31 March 2018: KD 4,991 thousand and KD 1,239 thousand respectively) from banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited's. These are denominated in US Dollar.

## 8. TRADE AND OTHER PAYABLES

	31 March 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	31 March 2018 KD 000's (Unaudited)
Accruals	135,270	132,260	135,464
Trade payables	100,718	96,469	111,522
Other tax payables	9,626	9,998	31,774
Staff payables	7,418	10,915	9,281
Dividends payable	32,363	6,231	42,113
Other payables	17,569	19,249	16,847
	<u>302,964</u>	<u>275,122</u>	<u>347,001</u>



**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2019 to 31 March 2019***9. DIVIDEND**

The Annual General Assembly of the Company held on 14 March 2019, approved the consolidated financial statements of the Group for the year ended 31 December 2018 and the payment of cash dividend of 50 fils per share amounting to KD 25,058 thousand for the year ended 31 December 2018 (2018: cash dividend of 70 fils per share amounting to KD 35,081 thousand for the year ended 31 December 2017) to the Company's equity shareholders existing as at 3 April 2019.

**10. BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share attributable to shareholders of the Company is calculated as follows:

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period attributable to shareholders of the Company (KD 000's)	<b>8,809</b>	9,165
Number of shares outstanding:		
Weighted average number of paid up shares (thousands)	<b>504,033</b>	504,033
Weighted average number of treasury shares (thousands)	<b>(2,871)</b>	(2,871)
Weighted average number of outstanding shares (thousands)	<b>501,162</b>	501,162
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	<b>17.58</b>	18.29

There are no potential dilutive shares as at 31 March 2019 (31 December and 31 March 2018: nil).

**11.** This includes impairment on financial assets of KD 2,523 thousand (31 March 2018: 3,312).

**12.** This included depreciation on Right-of-use assets of KD 4,820 thousand.

**13. FINANCE COSTS – NET**

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income	<b>354</b>	437
Finance costs	<b>(2,934)</b>	(2,218)
	<b>(2,580)</b>	(1,781)

**14. OTHER INCOME / (EXPENSES) – NET**

	<b>Three month period ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Exchange loss	<b>(105)</b>	842
Other operating income/(expense)	<b>(1,181)</b>	1,209
	<b>(1,286)</b>	2,051

## Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 31 March 2019

**15. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT**

	Three month period ended 31 March	
	2019 KD 000's (Unaudited)	2018 KD 000's (Unaudited)
KFAS	(94)	(99)
NLST	(235)	(215)
Zakat	(74)	(138)
	<b>(403)</b>	<b>(452)</b>

**16. RELATED PARTY TRANSACTIONS**

Related parties represent major shareholders, directors and key management personnel of the Group, Ooredoo Q.P.S.C. and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and its subsidiaries which are related parties to the Company have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties are as follows:

	31 March 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	31 March 2018 KD 000's (Unaudited)
<b>a) Balances included in the interim condensed consolidated statement of financial position</b>			
Payable to Ooredoo Group L.L.C.	27,257	23,656	43,154
Payable to Ooredoo IP L.L.C	5,358	4,655	2,105
Payable to Omani Qatari Telecommunications Company S.A.O.G.	1	17	-
Receivable from ultimate parent company	6,145	349	5,894
Receivable from Asiacell Communications PJSC	161	264	46
Receivable from PT. Indosat Tbk	-	-	5
Receivable from Omani Qatari Telecommunications Company S.A.O.G.	-	-	4
<b>b) Transactions included in the interim condensed consolidated statement of profit or loss within revenue, operating expenses and selling, general and administrative expenses.</b>			
<b><u>Revenue from:</u></b>			
Ultimate parent company		1,868	2,978
Asiacell Communications PJSC		41	-
Omani Qatari Telecommunications Company S.A.O.G.		2	-
<b><u>Operating expenses to:</u></b>			
Ultimate parent company		498	746
Ooredoo Group L.L.C.		387	578
Asiacell Communications PJSC		26	2
Ooredoo IP L.L.C		13	15
Omani Qatari Telecommunications Company S.A.O.G		10	-
PT. Indosat Tbk		1	-



## Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 31 March 2019

## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

	Three month period ended 31 March	
	2019	2018
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
<b>Selling, general and administrative expenses to:</b>		
a) Management fees to Ooredoo Group L.L.C.	3,342	3,790
b) Brand license fees to Ooredoo IP L.L.C.	957	1,099
c) Key management compensation:		
Short term benefits	1,740	2,002
Termination benefits	141	194
	<b>1,881</b>	<b>2,196</b>

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Fair value measurements recognised in the interim condensed consolidated statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 2	Total
	KD 000's	KD 000's
<b>31 March 2019 (Unaudited)</b>		
<i>Investment Securities</i>		
Unlisted equity securities	2,653	2,653
	<b>2,653</b>	<b>2,653</b>
<b>31 December 2018 (Audited)</b>		
<i>Investment Securities</i>		
Unlisted equity securities	2,653	2,653
	<b>2,653</b>	<b>2,653</b>
<b>31 March 2018 (Unaudited)</b>		
<i>Investment Securities</i>		
Unlisted equity securities	2,900	2,900
	<b>2,900</b>	<b>2,900</b>

There were no transfers between levels during the periods ended 31 March 2019 (31 December 2018 and 31 March 2018: there are no transfers between levels).

## Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 31 March 2019

## 18. CONTINGENCIES AND COMMITMENTS

	31 March 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	31 March 2018 KD 000's (Unaudited)
<b>Capital commitments</b>			
For the acquisition of property and equipment	54,430	55,236	58,144
For the acquisition of Palestinian mobile license	51,436	51,322	47,833
	<b>105,866</b>	<b>106,558</b>	<b>105,977</b>
	31 March 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	31 March 2018 KD 000's (Unaudited)
<b>Contingent liabilities</b>			
Letters of guarantee	2,537	2,490	2,375
Letters of credit	9,632	13,325	16,915
Claims against the group	-	382	-
	<b>12,169</b>	<b>16,197</b>	<b>19,290</b>

**Litigation and claims:**

- A. Additional tax claims amounting to KD 5,043 thousands (including penalties and interests) on Ooredoo Tunisie S.A. for assessment periods 1 January 2013 to 31 December 2015 from tax authorities in Tunisia. Management has responded to this notification and believes that the prospects of these claims being resolved in Group's favour are good.
- B. Additional tax claims amounting to KD 36,861 thousands on Wataniya Telecom Algerie S.P.A. ("WTA") for assessment periods 1 January 2013 to 31 December 2016 from tax authorities in Algeria. Management has responded to this notification and believes that the prospects of the tax claims matter being resolved in Group's favour are good. In addition, Wataniya Telecom Algerie S.P.A is facing a lawsuits related to the Algerian Central Bank Cases, at this stage it is too early to estimate the risk and book any provision.
- C. Claims against Ooredoo Maldives PLC amounting to KD 1,321 thousand from the First Instance Civil Court of Maldives citing breach of contract based on a civil case filed by a third party. Ooredoo Maldives PLC has appealed against this claim in the High Court of Maldives in January 2019. Management believes that the prospects of this claim being resolved in the Group's favor are good.
- D. As part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by Ministry of Communications since 26 July 2011 has been invalidated by the Kuwait Court of Cassation in April 2017. Accordingly, the Group has contingent assets in the form of recovery of excess regulatory tariff paid. The Group is currently estimating the recoverable amount which is subject to approval of the judicial authorities.

## 19. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2018.

## Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 31 March 2019

**20. SEGMENTAL INFORMATION**

The management organises the entity based on different geographical areas, inside and outside Kuwait. Operating segments were identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to its performance. The geographical analysis based on location of revenue, net profit / (loss) and total assets is as follows:

	<b>Inside Kuwait</b> <b>KD 000's</b>	<b>Outside Kuwait</b>				<b>Un-allocated</b> <b>KD 000's</b>	<b>Total</b> <b>KD 000's</b>
		<b>Tunisia</b> <b>KD 000's</b>	<b>Algeria</b> <b>KD 000's</b>	<b>Maldives</b> <b>KD 000's</b>	<b>Others</b> <b>KD 000's</b>		
<b>Three months ended 31 March 2019 (Unaudited)</b>							
Segment revenues – Point over Time	43,308	25,647	51,804	9,760	7,032		137,551
Segment revenues – Point in Time	12,757	1,790	1,893	220	6		16,666
Segment revenues	56,065	27,437	53,697	9,980	7,038		154,217
Segment results	3,349	1,193	4,826	3,207	(664)	(1,490)	10,421
<b>Three months ended 31 March 2018 (Unaudited)</b>							
Segment revenues – Point over Time	39,936	28,266	59,766	9,480	6,874	-	144,322
Segment revenues – Point in Time	25,575	3,625	677	168	237	-	30,282
Segment revenues	65,511	31,891	60,443	9,648	7,111	-	174,604
Segment results	3,324	1,149	6,129	3,036	(1,259)	(1,720)	10,659
<b>As at 31 March 2019 (Unaudited)</b>							
Segment assets	335,143	152,484	354,172	61,573	76,485	214,464	1,194,321
Investments and other assets	2,653	3,021	22,317	511	-	-	28,502
Total assets	337,796	155,505	376,489	62,084	76,485	214,464	1,222,823
<b>As at 31 December 2018 (Audited)</b>							
Segment assets	307,852	136,074	337,263	64,201	76,349	214,385	1,136,124
Investments and other assets	2,652	499	21,755	476	-	-	25,382
Total assets	310,504	136,573	359,018	64,677	76,349	214,385	1,161,506
<b>As at 31 March 2018 (Unaudited)</b>							
Segment assets	324,815	183,163	385,456	63,582	83,155	270,267	1,310,438
Investments and other assets	2,900	-	18,160	373	-	-	21,433
Total assets	327,715	183,163	403,616	63,955	83,155	270,267	1,331,871

**21. COMPARATIVE FIGURES**

Certain prior year amounts have been reclassified to conform to current year classification with no effect on net profit.