

**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 2018 to 30 June 2018  
(Unaudited)**

**Interim condensed consolidated financial information and independent auditor's review report  
(Unaudited)**

*For the period from 1 January 2018 to 30 June 2018*

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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 30 June 2018, and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three and six month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six 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*

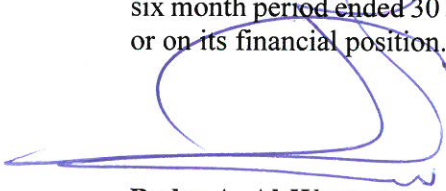
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 six month period ended 30 June 2018 that might have had a material effect on the business of the Parent Company or on its financial position.



**Bader A. Al-Wazzan**  
**Licence No. 62A**  
**Deloitte & Touche**  
**Al-Wazzan & Co.**


Kuwait  
25 July 2018



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

As at 30 June 2018

	Note	30 June 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 June 2017 KD 000's (Unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		534,849	563,555	599,641
Intangible assets and goodwill		362,212	389,381	403,107
Investment securities		2,903	6,695	6,734
Deferred tax assets		20,655	22,225	19,231
Other non-current assets		1,935	2,067	1,231
Deferred contract cost and assets		4,083	-	-
		<u>926,637</u>	<u>983,923</u>	<u>1,029,944</u>
<b>Current assets</b>				
Inventories		27,545	26,120	18,112
Deferred contract cost and assets		9,123	-	-
Trade and other receivables		158,207	181,375	169,337
Bank balances and cash	5	110,364	128,862	131,978
		<u>305,239</u>	<u>336,357</u>	<u>319,427</u>
<b>Total assets</b>		<u>1,231,876</u>	<u>1,320,280</u>	<u>1,349,371</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Foreign currency translation reserve		(271,003)	(252,364)	(238,894)
Other reserves	6	237,068	239,573	235,414
Retained earnings		556,344	578,400	560,128
Equity attributable to shareholders of the Company		<u>569,214</u>	<u>612,414</u>	<u>603,453</u>
Non-controlling interests		109,673	113,917	119,360
<b>Total equity</b>		<u>678,887</u>	<u>726,331</u>	<u>722,813</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term debts	7	53,576	60,191	95,664
Provision for staff indemnity		10,282	9,527	8,852
Other non-current liabilities		16,353	19,699	18,718
Contract Liabilities		2,025	-	-
		<u>82,236</u>	<u>89,417</u>	<u>123,234</u>
<b>Current liabilities</b>				
Trade and other payables	8	303,824	348,622	346,319
Deferred income		45,772	57,302	51,876
Contract Liabilities		841	-	-
Income tax payable		9,975	22,746	11,248
Long term debts	7	110,341	75,862	93,881
		<u>470,753</u>	<u>504,532</u>	<u>503,324</u>
<b>Total liabilities</b>		<u>552,989</u>	<u>593,949</u>	<u>626,558</u>
<b>Total equity and liabilities</b>		<u>1,231,876</u>	<u>1,320,280</u>	<u>1,349,371</u>



Saud Bin Nasser Al Thani  
Chairman



Chairman Office

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 2018 to 30 June 2018*

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)	2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)
Revenue		166,770	174,738	341,374	343,761
Operating expenses		(72,904)	(73,605)	(157,643)	(141,434)
Selling, general and administrative expenses		(46,037)	(41,678)	(85,324)	(82,127)
Depreciation and amortisation		(35,166)	(34,827)	(70,251)	(70,740)
Finance costs – net	11	(4,374)	(2,206)	(6,155)	(4,283)
Impairment loss / reversal of impairment loss on investment securities		103	(123)	103	(256)
Other Income/ (expenses) - net	12	622	(2,237)	2,673	(2,523)
<b>Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat</b>		9,014	20,062	24,777	42,398
Provision for Directors' remuneration		(187)	(150)	(337)	(300)
Provision for contribution to KFAS, NLST and Zakat	13	(278)	(594)	(730)	(1,275)
<b>Profit before taxation</b>		8,549	19,318	23,710	40,823
Taxation related to subsidiaries		(4,427)	(5,818)	(8,929)	(10,547)
<b>Profit for the period</b>		4,122	13,500	14,781	30,276
<i>Attributable to:</i>					
- Shareholders of the Company		3,066	10,372	12,231	23,298
- Non-controlling interests		1,056	3,128	2,550	6,978
		4,122	13,500	14,781	30,276
<b>Basic and diluted earnings per share (fils)</b>	10	6.12	20.70	24.40	46.49

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 2018 to 30 June 2018*

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>4,122</b>	<b>13,500</b>	<b>14,781</b>	<b>30,276</b>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>				
Change in fair value of investment securities	3	(138)	(1,734)	484
Impairment loss on investment securities transferred to the interim condensed consolidated statement of profit or loss	-	123	-	256
Exchange differences arising on translation of foreign operations and fair value reserves	(22,519)	(26,083)	(21,408)	(22,633)
<b>Total other comprehensive loss for the period</b>	<b>(22,516)</b>	<b>(26,098)</b>	<b>(23,142)</b>	<b>(21,893)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(18,394)</b>	<b>(12,598)</b>	<b>(8,361)</b>	<b>8,383</b>
<i>Attributable to:</i>				
- Shareholders of the Company	(16,553)	(13,405)	(8,142)	3,266
- Non-controlling interests	(1,841)	807	(219)	5,117
	<b>(18,394)</b>	<b>(12,598)</b>	<b>(8,361)</b>	<b>8,383</b>

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 2018 to 30 June 2018*

	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 2018</b>	50,403	(3,598)	(252,364)	239,573	578,400	612,414	113,917	726,331
Impact on adoption of IFRS 9 & 15	-	-	-	(771)	1,429	658	138	796
<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>579,829</b>	<b>613,072</b>	<b>114,055</b>	<b>727,127</b>
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	12,231	12,231	2,550	14,781
Other comprehensive loss for the period	-	-	(18,639)	(1,734)	-	(20,373)	(2,769)	(23,142)
Total comprehensive (loss)/income for the period	-	-	(18,639)	(1,734)	12,231	(8,142)	(219)	(8,361)
Transfer to employee association fund	-	-	-	-	(140)	(140)	(47)	(187)
Dividend (note 9)	-	-	-	-	(35,081)	(35,081)	(9,344)	(44,425)
Effect of issue of right shares by a subsidiary	-	-	-	-	(495)	(495)	5,228	4,733
<b>Balance at 30 June 2018</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(271,003)</b>	<b>237,068</b>	<b>556,344</b>	<b>569,214</b>	<b>109,673</b>	<b>678,887</b>
<b>Balance at 1 January 2017</b>	50,403	(3,598)	(218,122)	234,674	579,566	642,923	115,236	758,159
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	23,298	23,298	6,978	30,276
Other comprehensive (loss)/income for the period	-	-	(20,772)	740	-	(20,032)	(1,861)	(21,893)
Total comprehensive (loss)/income for the period	-	-	(20,772)	740	23,298	3,266	5,117	8,383
Transfer to employee association fund	-	-	-	-	(137)	(137)	(46)	(183)
Dividend (note 9)	-	-	-	-	(42,599)	(42,599)	(947)	(43,546)
<b>Balance at 30 June 2017</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(238,894)</b>	<b>235,414</b>	<b>560,128</b>	<b>603,453</b>	<b>119,360</b>	<b>722,813</b>

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

**Interim condensed consolidated statement of cash flows (Unaudited)***For the period from 1 January 2018 to 30 June 2018*

	Note	Six month period ended 30 June	
		2018	2017
		KD 000's (Unaudited)	KD 000's (Unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the period		14,781	30,276
<b>Adjustments for:</b>			
Depreciation and amortisation		70,251	70,740
Dividend Income		(3)	-
Finance income	11	(781)	(1,125)
Provision for impairment of trade and other receivable		7,054	3,776
Impairment loss / reversal of impairment loss on investment securities		(103)	256
Taxation relating to subsidiaries		8,929	10,547
Gain on sale of property and equipment and intangible assets		(108)	(205)
Finance costs	11	6,936	5,408
Provision for KFAS, NLST and Zakat	13	730	1,275
Provision for staff indemnity		1,104	1,058
		<u>108,790</u>	<u>122,006</u>
<i>Changes in:</i>			
Deferred contract cost and assets; Trade and other receivables; and other non-current assets		3,716	(33,340)
Inventories		(1,573)	110
Trade and other payables; contract liabilities and other non-current liabilities		<u>(31,443)</u>	<u>(20,849)</u>
<b>Cash generated from operations</b>		<u>79,490</u>	<u>67,927</u>
Payment of staff indemnity		(263)	(880)
<b>Net cash generated from operating activities</b>		<u>79,227</u>	<u>67,047</u>
<b>Cash flows from investing activities</b>			
Decrease/(increase) in term deposits		35,853	(28,008)
Purchase of property and equipment		(37,042)	(24,951)
Proceeds from disposal of property and equipment		2,005	249
Purchase of intangible assets		(2,128)	(2,119)
Proceeds from disposal of intangible assets		253	5
Dividend income received		3	-
Finance income received		781	1,125
<b>Net cash used in from investing activities</b>		<u>(275)</u>	<u>(53,699)</u>
<b>Cash flows from financing activities</b>			
Finance costs paid		(6,936)	(5,408)
Dividends paid		(34,405)	(41,798)
Dividends paid by subsidiary to non-controlling interest		(54,256)	(3,848)
Payment to employee association fund		(187)	(183)
Net increase in term debts		27,751	10,136
Proceeds from right issue of shares by a subsidiary		4,733	-
<b>Net cash used in financing activities</b>		<u>(63,300)</u>	<u>(41,101)</u>
<b>Effect of foreign currency translation</b>		<u>1,600</u>	<u>1,166</u>
<b>Net change in cash and cash equivalents</b>		<u>17,252</u>	<u>(26,587)</u>
Cash and cash equivalents at beginning of the period		77,934	112,961
<b>Cash and cash equivalents at end of the period</b>	5	<u>95,186</u>	<u>86,374</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 2018 to 30 June 2018*

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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 was registered in the commercial register on 10 May 1998 under registration number 73211.

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 were listed on the Kuwait Stock Exchange in July 1999 and commercial operations began in December 1999.

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"), a Qatari shareholding company whose shares are 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 25 July 2018.

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

*For the period from 1 January 2018 to 30 June 2018*

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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 Six month period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the year ending 31 December 2018.

**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 2017, 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 2018.

The Group adopted IFRS 9 and IFRS 15 effective from 1 January 2018. The impact on these financial statements arising from the adoption of these standards are described in detail below.

**Adoption of IFRS 9 - Financial Instruments**

The Group adopted IFRS 9 with transition date of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the consolidated financial statements as of and for the year ended 31 December 2017.

The Group elected not to restate comparative figures but any adjustments to the carrying amounts of financial assets and liabilities at transition date were recognized in the opening balance of Retained Earnings, opening balance of Fair value reserve and Non-controlling interest of the current period.

**a) Classification and measurement of financial instruments**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed through its contractual cash flows.

The Group performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics.

**b) Expected credit loss (ECL) /Impairment allowances**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to Trade and other receivables, bank deposits, loan guarantees & commitments. The Group applied a simplified approach to measuring expected credit losses (ECL).

**Significant increase in credit risk**

When determining whether the risk of default the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit assessment and including forward-looking information.



**Notes to the interim condensed consolidated financial information (Unaudited)**  
*For the period from 1 January 2018 to 30 June 2018*

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Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default considering nature of the exposure and the type of borrower.

Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures with the passage of time. This analysis includes the identification for any changes in default rates & changes in key macro-economic factors across various geographies of the Group.

Credit risk measurement

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

Credit quality assessments

The Group computed the impairment allowance for financial assets using ECL allowance model in accordance with IFRS 9 as at 1 January 2018. The impact arising from this change was adjusted in the opening Retained Earnings as at 1 January 2018.

Set out in note (19) the IFRS 9 transition impact disclosure for the Group.

**Adoption of IFRS 15 – Revenue from contracts with customers**

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group adopted IFRS 15 with transition date of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the consolidated financial statements as of and for the year ended 31 December 2017.

The Group elected not to restate comparative figures but any adjustments to the carrying amounts of current assets and liabilities at transition date were recognized in the opening balance of Retained Earnings, and Non-controlling interest of the current period.



**Notes to the interim condensed consolidated financial information (Unaudited)**  
*For the period from 1 January 2018 to 30 June 2018*

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Adoption of IFRS 15 – Revenue from contracts with customers (continued)

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or service. Determining the timing of transfer of control -at the point in time or over time requires judgement. Any other revenue and cost which did not have significant impact on consolidated financial statements have not been narrated below as a key changes in accounting policies of the Group.

Multi elements arrangements (Mobile contract plus handset)

The Group has determined that it will continue to recognise the revenue from handset as point in time and the related revenue from telecom services as point over time.

The Group has determined to recognize contract asset on these types of arrangements since it identified performance obligation are satisfied over time (i.e. a receivable arising from the customer contract that has not yet legally come into existence).

Revenue from transit services & other value added services

The Group has determined that whether they will be acting as a Principal or an Agent on these types of arrangements and accordingly revenue has been accounted under IFRS 15.

Customer loyalty schemes

The Group has determined that whether they will be acting as a Principal or an Agent on these types of arrangements and accordingly revenue has been accounted under IFRS 15.

Connection fees

The Group has determined that connection fee charged for the activation of services will be recognized over the contract period. However, if connection fees relate at or near contract inception to fulfill that contract, then the revenue will be recognized as and when services are provided (i.e. as the identified performance obligations are satisfied).

Installation cost, commissions to third party dealers, marketing expenses

The Group has determined that above expenses are incremental in nature for obtaining the contract and hence will be capitalized and amortized as per IFRS 15. Recognized contract assets will be subject to impairment assessment under IFRS 9 requirements.

Significant financing component

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

Contract assets & liabilities

The Group has determined that contract assets & liabilities are to be recognised on the performance obligation level and not at the contract level and both contract assets and liabilities are to be shown separately in the financial statements.

Set out in note (19) the IFRS 15 transition impact disclosure for the Group.

**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2018 to 30 June 2018***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 2017.

**5. BANK BALANCES AND CASH**

	<b>30 June 2018 KD 000's (Unaudited)</b>	<b>31 December 2017 KD 000's (Audited)</b>	<b>30 June 2017 KD 000's (Unaudited)</b>
Bank balances and cash	<b>76,447</b>	69,386	78,963
Deposits	<b>33,917</b>	59,476	53,015
Bank balances and cash in the interim condensed consolidated statement of financial position	<b>110,364</b>	128,862	131,978
Less: Deposits with original maturities of three months or more	<b>(15,178)</b>	(50,928)	(45,604)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<b>95,186</b>	77,934	86,374

The effective interest rate on interest earning deposits ranged from 1.75% to 9.65% per annum (31 December 2017: 1.75% to 7.98% per annum and 30 June 2017: 1.75% to 7.37%).

Included in deposits with original maturities of three months or more is an amount of KD 10,810 thousand (31 December and 30 June 2017: KD 7,864 thousand and KD 7,751 thousand respectively) restricted in accordance with a subsidiary's syndicated loan agreement and other obligations entered into by a subsidiary and the Company.

**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 2018</b>	66,634	32,200	129,887	6,914	526	3,412	239,573
Impact of IFRS 9	-	-	-	-	(771)	-	(771)
<b>Restated balance at 1 January 2018</b>	<b>66,634</b>	<b>32,200</b>	<b>129,887</b>	<b>6,914</b>	<b>(245)</b>	<b>3,412</b>	<b>238,802</b>
Other comprehensive income for the period	-	-	-	-	(1,734)	-	(1,734)
<b>Balance at 30 June 2018</b>	<b>66,634</b>	<b>32,200</b>	<b>129,887</b>	<b>6,914</b>	<b>(1,979)</b>	<b>3,412</b>	<b>237,068</b>
<b>Balance at 1 January 2017</b>	66,634	32,200	125,688	6,914	(174)	3,412	234,674
Other comprehensive income for the period	-	-	-	-	740	-	740
<b>Balance at 30 June 2017</b>	<b>66,634</b>	<b>32,200</b>	<b>125,688</b>	<b>6,914</b>	<b>566</b>	<b>3,412</b>	<b>235,414</b>



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

For the period from 1 January 2018 to 30 June 2018

## 7. LONG TERM DEBTS

	30 June 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 June 2017 KD 000's (Unaudited)
<b>Current portion</b>			
Due to local banks	72,333	34,575	44,700
Due to local banks related to subsidiaries	36,012	39,748	47,333
Due to foreign banks	1,996	1,539	1,848
	<u>110,341</u>	<u>75,862</u>	<u>93,881</u>
<b>Non-current portion</b>			
Due to local banks	-	-	25
Due to local banks related to subsidiaries	43,769	49,409	88,655
Due to foreign banks	9,807	10,782	6,984
	<u>53,576</u>	<u>60,191</u>	<u>95,664</u>

Unsecured debts of Wataniya Telecom Algeria S.P.A.'s ("WTA") amounting to KD 24,509 thousand (31 December and 30 June 2017: KD 34,901 thousand and KD 75,130 thousand respectively) from banks in Algeria which are subject to various obligations and financial covenants over the terms of those debts. These are denominated in Algerian Dinar.

Debts amounting to KD 25,558 thousand (31 December and 30 June 2017: KD 24,310 thousand and KD 17,035 thousand respectively) from banks in Palestine which are secured by assets of Wataniya Palestine Mobile Telecom Limited's ("WPT"). These are denominated in US Dollar.

Unsecured debts of the Company amounting to KD 72,300 thousand (31 December and 30 June 2017: 34,400 and KD 44,400 thousand respectively) from banks in Kuwait which are subject to financial covenants over the terms of those debts. These are denominated in Kuwaiti Dinar.

Unsecured debts of Ooredoo Tunisie S.A. amounting to KD 40,669 thousand (31 December and 30 June 2017: KD 40,578 thousand and KD 50,895 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 848 thousand (31 December and 30 June 2017: KD 1,689 thousand and KD 1,760 thousand respectively) from banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited's (previously "WTM"). These are denominated in US Dollar.

Murabaha facility from a bank in Kuwait amounting to KD 33 thousand (31 December and 30 June 2017: KD 175 thousand and 325 respectively) secured by a guarantee given by a subsidiary. These are denominated in Kuwaiti Dinar.

## 8. TRADE AND OTHER PAYABLES

	30 June 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 June 2017 KD 000's (Unaudited)
Accruals	158,450	170,235	179,476
Trade payables	53,453	70,144	51,551
Amounts due to related parties (note 14)	41,041	50,970	54,017
Other tax payables	8,853	14,594	14,449
Staff payables	9,025	10,919	12,597
Dividends payable	14,355	16,089	9,873
Other payables	18,647	15,671	24,356
	<u>303,824</u>	<u>348,622</u>	<u>346,319</u>



**Notes to the interim condensed consolidated financial information (Unaudited)**  
*For the period from 1 January 2018 to 30 June 2018*

**9. DIVIDEND**

The Annual General Assembly of the Company held on 7 March 2018, approved the consolidated financial statements of the Group for the year ended 31 December 2017 and the payment of cash dividend of 70 fils per share amounting to KD 35,081 thousand for the year ended 31 December 2017 (2017: cash dividend of 85 fils per share amounting to KD 42,599 thousand for the year ended 31 December 2016) to the Company's equity shareholders existing as at 27 March 2018.

**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 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period attributable to shareholders of the Company (KD 000's)	<u>3,066</u>	<u>10,372</u>	<u>12,231</u>	<u>23,298</u>
Number of shares outstanding:				
Weighted average number of paid up shares (thousands)	<u>504,033</u>	<u>504,033</u>	<u>504,033</u>	<u>504,033</u>
Weighted average number of treasury shares (thousands)	<u>(2,871)</u>	<u>(2,871)</u>	<u>(2,871)</u>	<u>(2,871)</u>
Weighted average number of outstanding shares (thousands)	<u>501,162</u>	<u>501,162</u>	<u>501,162</u>	<u>501,162</u>
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	<u>6.12</u>	<u>20.70</u>	<u>24.40</u>	<u>46.49</u>

There are no potential dilutive shares as at 30 June 2018 (31 December and 30 June 2017: nil).

**11. FINANCE COSTS – NET**

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Finance income	<u>344</u>	<u>556</u>	<u>781</u>	<u>1,125</u>
Finance costs	<u>(4,718)</u>	<u>(2,762)</u>	<u>(6,936)</u>	<u>(5,408)</u>
	<u>(4,374)</u>	<u>(2,206)</u>	<u>(6,155)</u>	<u>(4,283)</u>

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

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Dividend income	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
Exchange loss	<u>(1,184)</u>	<u>(1,061)</u>	<u>(342)</u>	<u>(715)</u>
Other operating income/(expense)	<u>1,803</u>	<u>(1,176)</u>	<u>3,012</u>	<u>(1,808)</u>
	<u>622</u>	<u>(2,237)</u>	<u>2,673</u>	<u>(2,523)</u>

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the period from 1 January 2018 to 30 June 2018

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

	Three month period ended 30 June		Six month period ended 30 June	
	2018	2017	2018	2017
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
KFAS	(159)	(112)	(375)	(250)
NLST	(83)	(343)	(221)	(728)
Zakat	(36)	(139)	(134)	(297)
	<u>(278)</u>	<u>(594)</u>	<u>(730)</u>	<u>(1,275)</u>

**14. 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:

<i>Interim condensed consolidated statement of financial position</i>	30 June 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 June 2017 KD 000's (Unaudited)
<i>Shareholders and entities related to shareholders</i>			
Payable to Ooredoo Group L.L.C.	37,503	49,174	43,562
Payable to the Ultimate Parent Company	533	430	8,755
Payable to Ooredoo IP L.L.C.	3,005	1,366	1,700
	<u>41,041</u>	<u>50,970</u>	<u>54,017</u>

<i>Interim condensed consolidated statement of profit or loss</i>	Three month period ended 30 June		Six month period ended 30 June	
	2018	2017	2018	2017
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Shareholders and entities related to shareholders</i>				
a) Management fees to Ooredoo Group L.L.C.	3,621	3,717	7,411	7,162
b) Brand license fees to Ooredoo IP L.L.C.	1,046	967	2,145	1,801
c) Key management compensation:				
Short term benefits	1,802	579	3,804	2,158
Termination benefits	129	47	323	166
	<u>1,931</u>	<u>626</u>	<u>4,127</u>	<u>2,324</u>

**15. 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 (such as trading and available for sale securities) 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.



**Notes to the interim condensed consolidated financial information (Unaudited)**
*For the period from 1 January 2018 to 30 June 2018*
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).

	<b>Level 2</b>	<b>Total</b>
	<b>KD 000's</b>	<b>KD 000's</b>
<b>30 June 2018 (Unaudited)</b>		
<i>Fair value through other comprehensive income</i>		
Unlisted equity securities	<u>2,903</u>	<u>2,903</u>
	<u>2,903</u>	<u>2,903</u>
<b>31 December 2017 (Audited)</b>		
<i>Available for sale financial assets:</i>		
Unlisted equity securities	<u>4,695</u>	<u>4,695</u>
	<u>4,695</u>	<u>4,695</u>
<b>30 June 2017 (Unaudited)</b>		
<i>Available for sale financial assets:</i>		
Unlisted equity securities	<u>4,734</u>	<u>4,734</u>
	<u>4,734</u>	<u>4,734</u>

At the reporting date, unlisted equity investments with a carrying value of KD 266 thousand (31 December and 30 June 2017: KD 2,000 thousand) are carried at cost less impairment due to the non-availability of quoted market prices or other reliable measures of their fair value. Management believes that the carrying value of these equity investments approximates their fair value.

There are no transfers between levels during the periods ended 30 June 2018 (31 December 2017 and 30 June 2017: there are no transfers between levels).

**16. CONTINGENCIES AND COMMITMENTS**

	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
<b>Capital commitments</b>			
For the acquisition of property and equipment	<u>63,628</u>	<u>60,681</u>	<u>37,982</u>
For the acquisition of Palestinian mobile license	<u>51,184</u>	<u>48,215</u>	<u>48,378</u>
	<u>114,812</u>	<u>108,896</u>	<u>86,360</u>



**Notes to the interim condensed consolidated financial information (Unaudited)***For the period from 1 January 2018 to 30 June 2018***Operating lease commitments**

The Group has a number of operating leases over properties for the erection of communication towers, office facilities and warehouses. The lease expenditure charged to the interim condensed consolidated statement of profit or loss during the period is disclosed under operating expenses. The leases typically run for a period ranging from 1 to 5 years, with an option to renew the lease after that date.

Minimum operating lease commitments under these leases are as follows:

	30 June 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 June 2017 KD 000's (Unaudited)
Not later than one year	8,252	8,216	6,923
Later than one year but not later than five years	30,777	29,828	28,412
Later than five years	983	981	-
	<u>40,012</u>	<u>39,025</u>	<u>35,335</u>
<b>Contingent liabilities</b>			
Letters of guarantee	2,430	2,942	2,223
Letters of credit	17,104	13,887	8,307
	<u>19,534</u>	<u>16,829</u>	<u>10,530</u>

**Litigation and claims:**

Ooredoo Tunisie S.A. received additional tax claims amounting to KD 12,084 thousands (including penalties and interests) for assessment periods 1 January 2013 to 31 December 2015. Management has responded to this notification and received a response from the tax authorities allowing a reduction in tax claims by KD 3,488 thousands. Management believes that the prospects of the tax claims matter being resolved in Group's favour are good.

Wataniya Telecom Algeria S.P.A. ("WTA") received additional tax claims amounting to KD 10,091 thousand for assessment periods 1 January 2013 to 31 December 2013. Management has responded to this notification and believes that the prospects of the tax claims matter being resolved in Group's favour are good.

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.

**17. 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 2017.

**Notes to the interim condensed consolidated financial information**  
*For the period from 1 January 2018 to 30 June 2018*

**18. 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:

	Outside Kuwait						Total KD 000's
	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Maldives KD 000's	Others KD 000's	Un-allocated KD 000's	
<b>Six months ended 30 June 2018 (Unaudited)</b>							
Segment revenues	127,635	63,723	115,723	19,244	15,049	-	341,374
Segment results	3,463	1,562	8,372	5,486	(693)	(3,409)	14,781
<b>Six months ended 30 June 2017 (Unaudited)</b>							
Segment revenues	105,222	62,242	145,454	18,210	12,633	-	343,761
Segment results	1,625	650	23,427	5,998	(845)	(579)	30,276
<b>As at 30 June 2018 (Unaudited)</b>							
Segment assets	288,363	161,840	353,127	63,115	89,303	252,570	1,208,318
Investments and other assets	2,904	542	19,706	406	-	-	23,558
Total assets	291,267	162,382	372,833	63,521	89,303	252,570	1,231,876
<b>As at 31 December 2017 (Audited)</b>							
Segment assets	289,264	172,948	411,251	63,480	84,845	269,572	1,291,360
Investments and other assets	6,695	736	21,159	330	-	-	28,920
Total assets	295,959	173,684	432,410	63,810	84,845	269,572	1,320,280
<b>As at 30 June 2017 (Unaudited)</b>							
Segment assets	286,197	175,929	450,895	65,229	69,085	276,071	1,323,406
Investments and other assets	6,734	516	18,382	333	-	-	25,965
Total assets	292,931	176,445	469,277	65,562	69,085	276,071	1,349,371



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

**Notes to the interim condensed consolidated financial information**

*For the period from 1 January 2018 to 30 June 2018*

**19. NET IMPACT OF CHANGES IN ACCOUNTING POLICIES**

**Net Impact of Adopting IFRS 9 and IFRS 15 on Retained earnings and non-controlling interest of the Group:**

Net impact from the adoption of IFRS 9 and IFRS 15 as at January 2018 has increased Retained earnings by KWD 1,429 thousand, decreased the Fair value reserve by KWD 771 thousand and increased the Non-controlling interest by KWD 138 thousand:

Particulars	Retained earnings KWD 000's	Non-controlling interest KWD 000's	Fair value reserve KWD 000's
<b>Balance under IAS 39 and IAS 18 as at 31 December 2017</b>	<b>578,400</b>	<b>113,917</b>	<b>526</b>
<i><u>Impact on re-classification and re-measurements:</u></i>			
i. Investment securities (equity) from available-for-sale to those measured at fair value through other comprehensive income	(1,287)	-	(771)
<i><u>Impact on recognition of expected credit losses:</u></i>			
i) Trade and other receivables	(6,879)	(684)	-
ii) Other financial assets	(133)	(11)	-
	(7,012)	(695)	-
<i><u>Impact on revenue recognition:</u></i>			
i) Customer loyalty programme	315	(43)	-
ii) Connection fees	(614)	(205)	-
iii) Multi element arrangements	5,833	-	-
iv) Any other revenue recognised over the period of time	1,023	421	-
v) Handset sales impact	137	17	-
	6,694	190	-
<i><u>Impact on cost recognition:</u></i>			
i) Installation cost, commission to third party dealers, marketing expense	4,623	1,262	-
ii) Any other cost recognised over period of time	(910)	(422)	-
iii) Handset cost impact	(131)	(14)	-
	3,582	826	-
<i><u>Impact on other recognition:</u></i>			
i) Related tax impact on net impact	(548)	(183)	-
<b>Restated balance under IFRS 9 and IFRS 15 on date of initial application of 1 January 2018</b>	<b>579,829</b>	<b>114,055</b>	<b>(245)</b>