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 30 June 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 30 June 2019, 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, as amended or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2019 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
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Kuwait
24 July 2019

Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2019

	Note	30 June 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 June 2018 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Right-of-use asset		**105,808**	-	-
Property and equipment		**504,910**	514,625	534,849
Intangible assets and goodwill		**319,848**	312,252	362,212
Investment securities		**2,654**	2,653	2,903
Deferred tax assets		**26,587**	22,730	20,493
Deferred contract cost and contract assets		**6,281**	6,229	9,933
Other non-current assets		**2,316**	2,318	1,935
		968,404	860,807	932,325
Current assets				
Inventories		**29,853**	26,866	27,545
Trade and other receivables		**175,650**	174,317	164,989
Deferred contract cost and contract assets		**7,272**	7,413	6,366
Bank balances and cash	5	**72,678**	92,103	110,364
		285,453	300,699	309,264
Total assets		**1,253,857**	1,161,506	1,241,589
EQUITY AND LIABILITIES				
EQUITY				
Share capital		**50,403**	50,403	50,403
Treasury shares		**(3,598)**	(3,598)	(3,598)
Foreign currency translation reserve		**(295,989)**	(309,192)	(271,003)
Other reserves	6	**240,020**	240,019	237,068
Retained earnings		**566,338**	577,655	563,378
Equity attributable to shareholders of the Company		**557,174**	555,287	576,248
Non-controlling interests		**103,003**	107,219	109,673
Total equity		**660,177**	662,506	685,921
LIABILITIES				
Non-current liabilities				
Long term debts	7	**27,857**	34,037	53,576
Provision for staff indemnity		**11,535**	10,751	10,282
Lease liabilities		**92,780**	-	-
Contract liabilities		**909**	1,177	3,008
Other non-current liabilities		**16,112**	16,177	16,351
Deferred tax liability		**29**	-	-
		149,222	62,142	83,217
Current liabilities				
Lease liabilities		**11,180**	-	-
Trade and other payables	8	**292,353**	275,122	303,824
Deferred income		**37,813**	48,160	45,658
Income tax payable		**9,815**	16,897	9,975
Long term debts – current	7	**90,035**	93,194	110,341
Contract liabilities		**3,262**	3,485	2,653
		444,458	436,858	472,451
Total liabilities		**593,680**	499,000	555,668
Total equity and liabilities		**1,253,857**	1,161,506	1,241,589

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 comprehensive income (Unaudited)

For the period from 1 January 2019 to 30 June 2019

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2019	2018	**2019**	2018
		KD 000's	KD 000's	**KD 000's**	KD 000's
	Note	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue		**156,136**	166,770	**310,353**	341,374
Operating expenses		**(62,957)**	(72,904)	**(125,745)**	(157,643)
Selling, general and administrative expenses	11	**(40,057)**	(46,037)	**(77,025)**	(85,324)
Depreciation and amortisation	12	**(35,928)**	(35,166)	**(70,722)**	(70,251)
Finance costs – net	13	**(3,586)**	(4,374)	**(6,166)**	(6,155)
Other (expenses) / income – net	14	**(276)**	725	**(1,562)**	2,776
Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		**13,332**	9,014	**29,133**	24,777
Provision for Directors' remuneration		**(155)**	(187)	**(315)**	(337)
Provision for contribution to KFAS, NLST and Zakat	15	**(410)**	(278)	**(813)**	(730)
Profit before taxation		**12,767**	8,549	**28,005**	23,710
Taxation related to subsidiaries		**(2,975)**	(4,427)	**(7,792)**	(8,929)
Profit for the period		**9,792**	4,122	**20,213**	14,781
Attributable to:					
- Shareholders of the Company		**8,515**	3,066	**17,324**	12,231
- Non-controlling interests		**1,277**	1,056	**2,889**	2,550
		9,792	4,122	**20,213**	14,781
Basic and diluted earnings per share (fils)	10	**16.99**	6.12	**34.57**	24.40

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 30 June 2019

	Three month period ended 30 June		Six month period ended 30 June	
	2019	2018	**2019**	2018
	KD 000's	KD 000's	**KD 000's**	KD 000's
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period	**9,792**	4,122	**20,213**	14,781
Other comprehensive income				
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss				
Effect of net changes in fair value of equity instruments which are carried at fair value through other comprehensive income	**-**	3	**1**	(1,734)
Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss				
Exchange differences arising on translation of foreign operations	**14,316**	(22,519)	**14,667**	(21,408)
Total other comprehensive income/ (loss) for the period	**14,316**	(22,516)	**14,668**	(23,142)
Total comprehensive income/ (loss) for the period	**24,108**	(18,394)	**34,881**	(8,361)
Attributable to:				
- Shareholders of the Company	**21,124**	(16,553)	**30,528**	(8,142)
- Non-controlling interests	**2,984**	(1,841)	**4,353**	(219)
	24,108	(18,394)	**34,881**	(8,361)

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 30 June 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
Balance at 1 January 2019	**50,403**	**(3,598)**	**(309,192)**	**240,019**	**577,655**	**555,287**	**107,219**	**662,506**
Impact on adoption of IFRS 16	-	-	-	-	(3,470)	(3,470)	(1,284)	(4,754)
Restated Balance at 1 January 2019	**50,403**	**(3,598)**	**(309,192)**	**240,019**	**574,185**	**551,817**	**105,935**	**657,752**
Comprehensive income								
Profit for the period	-	-	-	-	17,324	17,324	2,889	20,213
Other comprehensive income for the period	-	-	13,203	1	-	13,204	1,464	14,668
Total comprehensive income for the period	-	-	13,203	1	17,324	30,528	4,353	34,881
Transfer to employee association fund	-	-	-	-	(113)	(113)	(37)	(150)
Dividend (note 9)	-	-	-	-	(25,058)	(25,058)	-	(25,058)
Dividends paid by subsidiary	-	-	-	-	-	-	(7,248)	(7,248)
Balance at 30 June 2019	**50,403**	**(3,598)**	**(295,989)**	**240,020**	**566,338**	**557,174**	**103,003**	**660,177**
Balance at 1 January 2018	50,403	(3,598)	(252,364)	239,573	578,400	612,414	113,917	726,331
Impact on adoption of IFRS 9 & 15	-	-	-	(771)	8,463	7,692	138	7,830
Restated Balance at 1 January 2018	50,403	(3,598)	(252,364)	238,802	586,863	620,106	114,055	734,161
Comprehensive income								
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
Balance at 30 June 2018	50,403	(3,598)	(271,003)	237,068	563,378	576,248	109,673	685,921

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 2019 to 30 June 2019

	Note	Six month period ended 30 June 2019 KD 000's (Unaudited)	2018 KD 000's (Unaudited)
Cash flows from operating activities			
Net profit for the period		**20,213**	14,781
Adjustments for:			
Depreciation and amortisation		**70,722**	70,251
Dividend Income		**(15)**	(3)
Finance income	*13*	**(610)**	(781)
Provision for impairment of trade and other receivable		**5,225**	6,951
Taxation relating to subsidiaries		**7,792**	8,929
Loss / (gain) on sale of property and equipment and intangible assets		**51**	(108)
Finance costs	*13*	**6,776**	6,936
Provision for KFAS, NLST and Zakat	*15*	**813**	730
Provision for staff indemnity		**1,173**	1,104
		112,140	108,790
Changes in:			
Deferred contract cost and assets; Trade and other receivables; and other non-current assets		**(13,054)**	3,716
Inventories		**(3,002)**	(1,573)
Trade and other payables; contract liabilities and other non-current liabilities		**(16,278)**	(31,443)
Cash generated from operations		**79,806**	79,490
Payment of staff indemnity		**(442)**	(263)
Net cash generated from operating activities		**79,364**	79,227
Cash flows from investing activities			
Increase in term deposits		**629**	35,853
Purchase of property and equipment		**(42,944)**	(37,042)
Proceeds from disposal of property and equipment		**51**	2,005
Purchase of intangible assets		**(3,042)**	(2,128)
Proceeds from disposal of intangible assets		**-**	253
Dividend income received		**15**	3
Finance income received		**610**	781
Net cash used in from investing activities		**(44,681)**	(275)
Cash flows from financing activities			
Finance costs paid		**(3,923)**	(6,936)
Dividends paid		**(24,601)**	(34,405)
Dividends paid by subsidiary to non-controlling interest		**(2,009)**	(54,256)
Payment to employee association fund		**(150)**	(187)
Net (decrease)/ increase in term debts		**(9,432)**	27,751
Repayment of principal element of lease liability		**(9,447)**	-
Repayment of interest element of lease liability		**(2,227)**	-
Proceeds from issue of right shares by a subsidiary		**-**	4,733
Net cash used in financing activities		**(51,789)**	(63,300)
Effect of foreign currency translation		**(1,690)**	1,600
Net change in cash and cash equivalents		**(18,796)**	17,252
Cash and cash equivalents at beginning of the period		**77,176**	77,934
Cash and cash equivalents at end of the period	*5*	**58,380**	95,186

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

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 July 2019.

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 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;

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.

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	63,001
Adjusted operating lease commitment as at 31 December 2018	106,603
Discounted value using the incremental borrowing rate as at 1 January 2019	79,107
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	30,669
Lease liabilities recognized as at 1 January 2019	109,783
Of which are:	
- Non-current lease liabilities	94,976
- Current lease liabilities	14,807

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:

	30 June 2019 KD'000	1 January 2019 KD'000
Land and buildings	**14,338**	16,398
Exchange and network assets	**89,983**	90,259
Subscribers apparatus and other equipment	**1,487**	1,865
Total right of use of assets	**105,808**	108,522

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 108,522 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 5,939 thousand
- Lease liabilities – increase by KD 109,783 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.

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

	30 June 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 June 2018 KD 000's (Unaudited)
Bank balances and cash	**44,918**	57,522	76,538
Deposits	**27,787**	34,606	33,917
Total cash and bank balances before impairment allowance	**72,705**	92,128	110,455
Impairment allowance	**(27)**	(25)	(91)
Bank balances and cash in the interim condensed consolidated statement of financial position	**72,678**	92,103	110,364
Less: Deposits with original maturities of three months or more	**(14,298)**	(14,927)	(15,178)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	**58,380**	77,176	95,186

The effective interest rate on interest earning deposits ranged from 1.13% to 11.06% per annum (31 December 2018: 0.52% to 12.52% per annum and 30 June 2018: 1.75% to 9.65%).

6. OTHER RESERVES

	Share premium KD 000's	**Statutory reserve KD 000's**	**General reserve KD 000's**	**Gain on sale of treasury shares KD 000's**	**Fair value reserve KD 000's**	**Other reserves KD 000's**	**Total reserves KD 000's**
Balance at 1 January 2019	**66,634**	**32,200**	**133,088**	**6,914**	**(2,229)**	**3,412**	**240,019**
Other comprehensive income for the period	-	-	-	-	1	-	1
Balance at 30 June 2019	**66,634**	**32,200**	**133,088**	**6,914**	**(2,228)**	**3,412**	**240,020**
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 loss for the period	-	-	-	-	(1,734)	-	(1,734)
Balance at 30 June 2018	66,634	32,200	129,887	6,914	(1,979)	3,412	237,068

7. LONG TERM DEBTS

	30 June 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 June 2018 KD 000's (Unaudited)
Current portion			
Due to local banks	**52,500**	57,100	72,333
Due to local banks related to subsidiaries	**37,535**	36,094	36,012
Due to foreign banks	**-**	-	1,996
	90,035	93,194	110,341
Non-current portion			
Due to local banks related to subsidiaries	**27,857**	34,037	43,769
Due to foreign banks	**-**	-	9,807
	27,857	34,037	53,576

Debts amounting to KD 20,812 thousand (31 December 2018 and 30 June 2018: KD 20,367 thousand and KD 24,509 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 11,566 thousand (31 December 2018 and 30 June 2018: KD 15,174 thousand and KD 25,558 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 52,500 thousand (31 December 2018 and 30 June 2018: KD 57,100 thousand and KD 72,300 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 24,941 thousand (31 December 2018 and 30 June 2018: KD 29,599 thousand and KD 40,669 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 8,073 thousand (31 December 2018 and 30 June 2018: KD 4,991 thousand and KD 848 thousand respectively) from banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited's (previously "WTM"). These are denominated in US Dollar.

8. TRADE AND OTHER PAYABLES

	30 June 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 June 2018 KD 000's (Unaudited)
Accruals	**146,230**	132,260	158,450
Trade payables	**99,010**	96,469	94,494
Other tax payables	**9,418**	9,998	8,853
Staff payables	**7,591**	10,915	9,025
Dividends payable	**11,926**	6,231	14,355
Other payables	**18,178**	19,249	18,647
	292,353	275,122	303,824

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:

	Three month period ended 30 June		Six month period ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	**8,515**	3,066	**17,324**	12,231
Number of shares outstanding:				
Weighted average number of paid up shares (thousands)	**504,033**	504,033	**504,033**	504,033
Weighted average number of treasury shares (thousands)	**(2,871)**	(2,871)	**(2,871)**	(2,871)
Weighted average number of outstanding shares (thousands)	**501,162**	501,162	**501,162**	501,162
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	**16.99**	6.12	**34.57**	24.40

There are no potential dilutive shares as at 30 June 2019 (31 December and 30 June 2018: nil).

11. This includes impairment on financial assets amounting to KD 5,225 thousand (30 June 2018: 7,054 thousand).

12. This included depreciation on Right-of-use assets amounting to KD 9,660 thousand.

13. FINANCE COSTS – NET

	Three month period ended 30 June		Six month period ended 30 June	
	2019 KD 000's (Unaudited)	2018 KD 000's (Unaudited)	**2019 KD 000's (Unaudited)**	2018 KD 000's (Unaudited)
Finance income	**256**	344	**610**	781
Finance costs	**(3,842)**	(4,718)	**(6,776)**	(6,936)
	(3,586)	(4,374)	**(6,166)**	(6,155)

14. OTHER (EXPENSES) / INCOME– NET

	Three month period ended 30 June		Six month period ended 30 June	
	2019	2018	**2019**	2018
	KD 000's	KD 000's	**KD 000's**	KD 000's
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Dividend income	**15**	3	**15**	3
Exchange loss	**(176)**	(1,184)	**(281)**	(342)
Other operating (expense)/ income	**(115)**	1,906	**(1,296)**	3,115
	(276)	725	**(1,562)**	2,776

15. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 30 June		Six month period ended 30 June	
	2019	2018	**2019**	2018
	KD 000's	KD 000's	**KD 000's**	KD 000's
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
KFAS	**(99)**	(36)	**(192)**	(134)
NLST	**(238)**	(159)	**(474)**	(375)
Zakat	**(73)**	(83)	**(147)**	(221)
	(410)	(278)	**(813)**	(730)

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:

	30 June 2019	31 December 2018	30 June 2018
	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Audited)	(Unaudited)
a) Balances included in the interim condensed consolidated statement of financial position			
Payable to Ooredoo Group L.L.C.	**58,344**	23,656	46,795
Payable to Ooredoo IP L.L.C	**11,703**	4,655	3,192
Payable to Asiacell Communications PJSC	**-**	-	43
Payable to Omani Qatari Telecommunications Company S.A.O.G.	**-**	17	-
Receivable from ultimate parent company	**639**	349	7,477
Receivable from Asiacell Communications PJSC	**209**	264	-
Receivable from Wataniya Palestine Mobile	**5**	-	-
(Payable)/ Receivable from PT. Indosat Tbk	**(1)**	-	4
Receivable from Omani Qatari Telecommunications Company S.A.O.G.	**4**	-	2

16. RELATED PARTY TRANSACTIONS (CONTINUED)

	Three month period ended 30 June		Six month period ended 30 June	
	2019	2018	**2019**	2018
	KD 000's	KD 000's	**KD 000's**	KD 000's
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
b) Transactions included in the interim condensed consolidated statement of profit or loss within revenue, operating expenses and selling, general and administrative expenses.				
Revenue from:				
Ultimate parent company	**1,004**	2,754	**2,872**	5,775
Asiacell Communications PJSC	**35**	-	**76**	1
Omani Qatari Telecommunications Company S.A.O.G.	-	-	-	2
Operating expenses to:				
Ultimate parent company	**446**	599	**944**	1,345
Ooredoo Group L.L.C.	**7,567**	728	**7,954**	1,306
Asiacell Communications PJSC	-	23	**13**	25
Ooredoo IP L.L.C	**1,955**	17	**1,968**	32
Omani Qatari Telecommunications Company S.A.O.G	**1**	5	**11**	5
PT. Indosat Tbk	**1**	1	**2**	1
Selling, general and administrative expenses to:				
a) Management fees to Ooredoo Group L.L.C.	**3,383**	3,621	**6,726**	7,411
b) Brand license fees to Ooredoo IP L.L.C.	**985**	1,046	**1,942**	2,145
c) Key management compensation:				
Short term benefits	**1,832**	1,802	**3,572**	3,804
Termination benefits	**153**	129	**294**	323
	1,985	1,931	**3,866**	4,127

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;

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- **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).

30 June 2019 (Unaudited)	**Level 2 KD 000's**	**Total KD 000's**
Investment Securities		
Unlisted equity securities	**2,654**	**2,654**
	2,654	**2,654**
31 December 2018 (Audited)		
Investment Securities		
Unlisted equity securities	2,653	2,653
	2,653	2,653
30 June 2018 (Unaudited)		
Investment Securities		
Unlisted equity securities	2,903	2,903
	2,903	2,903

There are no transfers between levels during the periods ended 30 June 2019 (31 December 2018 and 30 June 2018: there are no transfers between levels).

18. CONTINGENCIES AND COMMITMENTS

	30 June 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 June 2018 KD 000's (Unaudited)
Capital commitments			
For the acquisition of property and equipment	**61,723**	55,236	63,628
For the acquisition of Palestinian mobile license	**51,309**	51,322	51,184
	113,032	106,558	114,812
Contingent liabilities			
Letters of guarantee	**2,665**	2,490	2,430
Letters of credit	**9,597**	13,325	17,104
	12,262	15,815	19,534

Litigation and claims:

A. Additional tax claims amounting to KD 5,301 thousand (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.

18. CONTINGENCIES AND COMMITMENTS (CONTINUED)

B. Additional tax claims amounting to KD 33,817 thousand 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 claim and believes that the prospects of the tax claims matter being resolved in Group's favour are good. In addition, WTA is facing a lawsuit 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 1,318 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 favour 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.

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:

		Outside Kuwait					
	Inside Kuwait	Tunisia	Algeria	Maldives	Others	Un-allocated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Six months ended 30 June 2019 (Unaudited)							
Segment revenues – Point over Time	**87,545**	**53,754**	**101,841**	**19,168**	**14,227**	**-**	**276,535**
Segment revenues – Point in Time	**26,522**	**3,740**	**3,040**	**512**	**4**	**-**	**33,818**
Segment revenues	**114,067**	**57,494**	**104,881**	**19,680**	**14,231**	**-**	**310,353**
Segment results	**7,634**	**5,791**	**5,048**	**5,789**	**(1,393)**	**(2,656)**	**20,213**
Six months ended 30 June 2018 (Unaudited)							
Segment revenues – Point over Time	80,645	57,609	114,741	18,317	14,642	-	285,954
Segment revenues – Point in Time	46,990	6,114	982	927	407	-	55,420
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
As at 30 June 2019 (Unaudited)							
Segment assets	**346,265**	**155,716**	**365,914**	**57,183**	**75,295**	**224,243**	**1,224,616**
Investments and other assets	**2,654**	**2,987**	**23,037**	**563**	**-**	**-**	**29,241**
Total assets	**348,919**	**158,703**	**388,951**	**57,746**	**75,295**	**224,243**	**1,253,857**
As at 31 December 2018 (Audited)							
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
As at 30 June 2018 (Unaudited)							
Segment assets	296,625	161,841	354,742	63,112	89,303	252,570	1,218,193
Investments and other assets	2,904	542	19,543	407	-	-	23,396
Total assets	299,529	162,383	374,285	63,519	89,303	252,570	1,241,589

21. COMPARATIVE FIGURES

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