

**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 September 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 September 2019, and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three and nine month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine 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

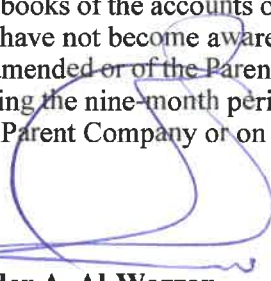
We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 nine-month period ended 30 September 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



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Kuwait
23 October 2019

Interim condensed consolidated statement of financial position (Unaudited)

As at 30 September 2019

	Note	30 September 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 September 2018 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Right-of-use asset		118,136	-	-
Property and equipment		497,331	514,625	518,464
Intangible assets and goodwill		316,801	312,252	337,904
Investment securities		2,088	2,653	2,904
Deferred tax assets		26,747	22,730	19,415
Deferred contract cost and contract assets		6,549	6,229	11,956
Other non-current assets		2,270	2,318	2,467
		<u>969,922</u>	<u>860,807</u>	<u>893,110</u>
Current assets				
Inventories		24,499	26,866	25,609
Trade and other receivables		177,144	174,317	170,341
Deferred contract cost and contract assets		7,335	7,413	4,962
Bank balances and cash	5	87,878	92,103	87,967
		<u>296,856</u>	<u>300,699</u>	<u>288,879</u>
Total assets		<u>1,266,778</u>	<u>1,161,506</u>	<u>1,181,989</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Foreign currency translation reserve		(296,674)	(309,192)	(289,216)
Other reserves	6	239,454	240,019	237,070
Retained earnings		572,493	577,655	567,353
Equity attributable to shareholders of the Company		<u>562,078</u>	<u>555,287</u>	<u>562,012</u>
Non-controlling interests		103,773	107,219	108,562
Total equity		<u>665,851</u>	<u>662,506</u>	<u>670,574</u>
LIABILITIES				
Non-current liabilities				
Long term debts	7	32,699	34,037	40,376
Provision for staff indemnity		11,634	10,751	10,527
Lease liabilities		105,423	-	-
Contract liabilities		646	1,177	1,902
Other non-current liabilities		16,153	16,177	16,206
Deferred tax liability		22	-	-
		<u>166,577</u>	<u>62,142</u>	<u>69,011</u>
Current liabilities				
Lease liabilities		12,002	-	-
Trade and other payables	8	289,087	275,122	288,557
Deferred income		38,146	48,160	49,370
Income tax payable		10,254	16,897	11,420
Long term debts – current	7	81,497	93,194	88,331
Contract liabilities		3,364	3,485	4,726
		<u>434,350</u>	<u>436,858</u>	<u>442,404</u>
Total liabilities		<u>600,927</u>	<u>499,000</u>	<u>511,415</u>
Total equity and liabilities		<u>1,266,778</u>	<u>1,161,506</u>	<u>1,181,989</u>

Saud Bin Nasser Al Thani
Chairman


 Chairman Office 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 30 September 2019*

		Three month period ended 30 September		Nine month period ended 30 September	
		2019	2018	2019	2018
		KD 000's	KD 000's	KD 000's	KD 000's
Note		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue		159,669	161,004	470,022	502,378
Operating expenses		(65,332)	(69,944)	(191,077)	(227,587)
Selling, general and administrative expenses	11	(40,082)	(40,815)	(117,107)	(126,139)
Depreciation and amortisation	12	(38,200)	(34,605)	(108,922)	(104,856)
Finance costs – net	13	(2,845)	(1,920)	(9,011)	(5,205)
Other (expenses) / income – net	14	(1,228)	(2,306)	(2,790)	(2,400)
Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		11,982	11,414	41,115	36,191
Provision for Directors' remuneration		(155)	(156)	(470)	(493)
Provision for contribution to KFAS, NLST and Zakat	15	(287)	(177)	(1,100)	(908)
Profit before taxation		11,540	11,081	39,545	34,790
Taxation related to subsidiaries		(4,069)	(5,504)	(11,861)	(14,433)
Profit for the period		7,471	5,577	27,684	20,357
<i>Attributable to:</i>					
- Shareholders of the Company		6,155	3,976	23,479	16,206
- Non-controlling interests		1,316	1,601	4,205	4,151
		7,471	5,577	27,684	20,357
Basic and diluted earnings per share (fils)	10	12.28	7.93	46.85	32.34

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 September 2019*

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	7,471	5,577	27,684	20,357
Other comprehensive income				
<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	(566)	2	(565)	(1,732)
<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	(1,231)	(20,925)	13,436	(42,333)
Total other comprehensive income/ (loss) for the period	(1,797)	(20,923)	12,871	(44,065)
Total comprehensive income/ (loss) for the period	5,674	(15,346)	40,555	(23,708)
<i>Attributable to:</i>				
- Shareholders of the Company	4,904	(14,235)	35,432	(22,378)
- Non-controlling interests	770	(1,111)	5,123	(1,330)
	5,674	(15,346)	40,555	(23,708)

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 September 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	-	-	-	-	23,479	23,479	4,205	27,684
Other comprehensive income/(loss) for the period	-	-	12,518	(565)	-	11,953	918	12,871
Total comprehensive income/(loss) for the period	-	-	12,518	(565)	23,479	35,432	5,123	40,555
Transfer to employee association fund	-	-	-	-	(113)	(113)	(37)	(150)
Dividend (note 9)	-	-	-	-	(25,058)	(25,058)	-	(25,058)
Dividends paid by subsidiaries	-	-	-	-	-	-	(7,248)	(7,248)
Balance at 30 September 2019	50,403	(3,598)	(296,674)	239,454	572,493	562,078	103,773	665,851
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	-	-	-	-	16,206	16,206	4,151	20,357
Other comprehensive loss for the period	-	-	(36,852)	(1,732)	-	(38,584)	(5,481)	(44,065)
Total comprehensive income/(loss) for the period	-	-	(36,852)	(1,732)	16,206	(22,378)	(1,330)	(23,708)
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 subsidiaries	-	-	-	-	(495)	(495)	5,228	4,733
Balance at 30 September 2018	50,403	(3,598)	(289,216)	237,070	567,353	562,012	108,562	670,574

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 September 2019*

		Nine month period ended 30 September	
		2019	2018
Note		KD 000's (Unaudited)	KD 000's (Unaudited)
Cash flows from operating activities			
	Net profit for the period	27,684	20,357
Adjustments for:			
	Depreciation and amortisation	108,922	104,856
	Dividend Income	(15)	(3)
13	Finance income	(1,272)	(1,075)
	Provision for impairment of trade and other receivable	7,647	9,067
	Impairment loss reversal on investment securities	-	(129)
	Taxation relating to subsidiaries	11,861	14,433
	Loss/(gain) on sale of property and equipment and intangible assets	5	(99)
13	Finance costs	10,283	6,280
15	Provision for KFAS, NLST and Zakat	1,100	908
	Provision for staff indemnity	1,641	1,546
	Operating profit before changes in working capital	167,856	156,141
<i>Changes in:</i>			
	Deferred contract cost and assets; Trade and other receivables; and other non-current assets	(12,969)	(3,295)
	Inventories	2,352	470
	Trade and other payables, deferred income, contract liabilities and other non-current liabilities	(18,167)	(80,148)
	Cash generated from operations	139,072	73,168
	Payment of staff indemnity	(764)	(470)
	Net cash generated from operating activities	138,308	72,698
Cash flows from investing activities			
	(Decrease)/increase in term deposits	(9,953)	29,363
	Purchase of property and equipment	(65,039)	(57,606)
	Proceeds from disposal of property and equipment	128	2,039
	Acquisition of intangible assets	(4,282)	(3,204)
	Proceeds from disposal of intangible assets	-	253
	Dividend income received	15	3
	Interest income received	1,272	1,075
	Net cash used in from investing activities	(77,859)	(28,077)
Cash flows from financing activities			
	Finance costs paid	(5,661)	(6,280)
	Dividends paid	(24,967)	(34,809)
	Dividends paid by subsidiaries to non-controlling interest	(7,186)	(19,253)
	Payment to employee association fund	(150)	(187)
	Net decrease in term debts	(13,128)	(1,898)
	Repayment of principal element of lease liability	(1,9140)	-
	Repayment of interest element of lease liability	(3,362)	-
	Proceeds from issue of right shares by a subsidiary	-	4,733
	Net cash used in financing activities	(73,594)	(57,694)
	Effect of foreign currency translation	(1,033)	1,412
	Net change in cash and cash equivalents	(14,178)	(11,661)
	Cash and cash equivalents at beginning of the period	77,176	77,934
5	Cash and cash equivalents at end of the period	62,998	66,273

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 23 October 2019.

Notes to the interim condensed consolidated financial information (Unaudited)*For the period from 1 January 2019 to 30 September 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 nine month period ended 30 September 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;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged between 3.40% to 8.5%.

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 30 September 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	74,586
Adjusted operating lease commitment as at 31 December 2018	118,188
Discounted value using the incremental borrowing rate as at 1 January 2019	80,767
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	40,593
Lease liabilities recognized as at 1 January 2019	121,367
<u>Of which are:</u>	
- Non-current lease liabilities	106,560
- 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 September 2019 KD'000	1 January 2019 KD'000 (Restated)
Land and buildings	16,031	16,398
Exchange and network assets	101,097	101,801
Subscribers apparatus and other equipment	1,008	1,865
Total right of use of assets	118,136	120,064

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 120,064 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 1,653 thousand
- Lease liabilities – increase by KD 121,367 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.

The Group reported lease liabilities of KD 98,436 thousand and right of use assets of KD 101,192 thousand as at 1 January 2019 on adoption of IFRS 16 in its interim financial information for the three month period ended 31 March 2019. Subsequently, the Group reassessed the transition impact of IFRS 16 and based on such reassessment, the lease liabilities and right of use assets were revised to KD 121,367 thousand and KD 120,064 thousand respectively.

Notes to the interim condensed consolidated financial information (Unaudited)*For the period from 1 January 2019 to 30 September 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

	30 September 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 September 2018 KD 000's (Unaudited)
Bank balances and cash	42,050	57,522	52,521
Deposits	45,848	34,606	35,537
Total cash and bank balances before impairment allowance	87,898	92,128	88,058
Impairment allowance	(20)	(25)	(91)
Bank balances and cash in the interim condensed consolidated statement of financial position	87,878	92,103	87,967
Less: Deposits with original maturities of three months or more	(24,880)	(14,927)	(21,694)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	62,998	77,176	66,273

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 September 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 loss for the period	-	-	-	-	(565)	-	(565)
Balance at 30 September 2019	66,634	32,200	133,088	6,914	(2,794)	3,412	239,454
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	-	-	-	-	(1,732)	-	(1,732)
Balance at 30 September 2018	66,634	32,200	129,887	6,914	(1,977)	3,412	237,070

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 30 September 2019

7. LONG TERM DEBTS

	30 September 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 September 2018 KD 000's (Unaudited)
Current portion			
Due to local banks	39,000	57,100	52,600
Due to local banks related to subsidiaries	42,497	36,094	35,731
	<u>81,497</u>	<u>93,194</u>	<u>88,331</u>
Non-current portion			
Due to local banks related to subsidiaries	32,699	34,037	40,376
	<u>32,699</u>	<u>34,037</u>	<u>40,376</u>

Long term debts include the following loans:

- Debts amounting to KD 25,271 thousand (31 December 2018 and 30 September 2018: KD 20,367 thousand and KD 19,436 thousand respectively) from banks in Algeria which are secured by fixed assets of Wataniya Telecom Algeria 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 11,603 thousand (31 December 2018 and 30 September 2018: KD 15,174 thousand and KD 16,135 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 39,000 thousand (31 December 2018 and 30 September 2018: KD 57,100 thousand and KD 52,600 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 31,216 thousand (31 December 2018 and 30 September 2018: KD 29,599 thousand and KD 35,031 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 7,106 thousand (31 December 2018 and 30 September 2018: KD 4,991 thousand and KD 5,505 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 September 2019 KD 000's (Unaudited)	31 December 2018 KD 000's (Audited)	30 September 2018 KD 000's (Unaudited)
Accruals	164,308	132,260	149,445
Trade payables	78,607	96,469	95,545
Other tax payables	11,134	9,998	8,556
Staff payables	8,749	10,915	9,763
Dividends payable	6,384	6,231	6,452
Other payables	19,905	19,249	18,796
	<u>289,087</u>	<u>275,122</u>	<u>288,557</u>

Notes to the interim condensed consolidated financial information (Unaudited)*For the period from 1 January 2019 to 30 September 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:

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	6,155	3,976	23,479	16,206
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)	12.28	7.93	46.85	32.34

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

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

This includes impairment on financial assets amounting to KD 2,422 thousand for three month period ended 30 September 2019 (KD 2,013 thousand for three month period ended 30 September 2018) and KD 7,647 thousand for nine months period ended 30 September 2019 (KD 9,067 thousand for the nine months period ended 30 September 2018).

12. DEPRECIATION AND AMORTISATION

This includes depreciation on right of use assets amounting to KD 5,692 thousand for three month period ended 30 September 2019 (KD Nil for three month period ended 30 September 2018) and KD 15,352 thousand for nine months period ended 30 September 2019 (KD Nil for the nine month period ended 30 September 2018).

13. FINANCE COSTS – NET

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income	662	293	1,272	1,075
Finance costs	(3,507)	(2,213)	(10,283)	(6,280)
	(2,845)	(1,920)	(9,011)	(5,205)

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 30 September 2019

14. OTHER (EXPENSES) / INCOME– NET

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Dividend income	-	-	15	3
Exchange loss	(630)	(1,169)	(912)	(1,510)
Other operating expenses	(598)	(1,137)	(1,893)	(893)
	<u>(1,228)</u>	<u>(2,306)</u>	<u>(2,790)</u>	<u>(2,400)</u>

15. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
KFAS	(59)	(42)	(250)	(177)
NLST	(132)	(68)	(606)	(443)
Zakat	(96)	(67)	(244)	(288)
	<u>(287)</u>	<u>(177)</u>	<u>(1,100)</u>	<u>(908)</u>

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 September 2019	31 December 2018	30 September 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.	28,520	23,656	31,972
Payable to Ooredoo IP L.L.C	2,218	4,655	4,216
Payable to Omani Qatari Telecommunications	15	17	5
Payable to PT. Indosat Tbk	2	-	4
Payable to Asiacell Communications PJSC	-	-	6
Receivable from ultimate parent company	1,464	349	5,505
Receivable from Asiacell Communications PJSC	279	264	-

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 30 September 2019

16. RELATED PARTY TRANSACTIONS (CONTINUED)

	Three month period ended 30 September		Nine month period ended 30 September	
	2019 KD 000's (Unaudited)	2018 KD 000's (Unaudited)	2019 KD 000's (Unaudited)	2018 KD 000's (Unaudited)
b) Transactions included in the interim condensed consolidated statement of profit or loss within revenue, operating expenses and selling, general and administrative expenses.				
<u>Revenue from:</u>				
Ultimate parent company	1,623	3,438	4,495	9,213
Asiacell Communications PJSC	73	9	149	10
Ooredoo Group L.L.C.	-	-	2	-
Omani Qatari Telecommunications	1	-	1	1
<u>Operating expenses to:</u>				
Ultimate parent company	462	749	1,406	2,094
Ooredoo Group L.L.C.	4,356	11,672	12,310	12,978
Asiacell Communications PJSC	12	22	25	3
Ooredoo IP L.L.C.	965	3,080	2,933	3,111
Omani Qatari Telecommunications	14	8	25	14
PT. Indosat Tbk	3	2	5	2
<u>Selling, general and administrative expenses to:</u>				
a) Management fees to Ooredoo Group	3,440	3,437	10,166	10,848
b) Brand license fees to Ooredoo IP L.L.C.	951	925	2,893	3,070
c) Key management compensation:				
Short term benefits	(3,572)	1,708	5,271	5,512
Termination benefits	(294)	103	457	426
	(3,866)	1,811	5,728	5,938

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.

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2019 to 30 September 2019

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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
30 September 2019 (Unaudited)		
<i>Investment Securities</i>		
Unlisted equity securities	2,088	2,088
	2,088	2,088
31 December 2018 (Audited)		
<i>Investment Securities</i>		
Unlisted equity securities	2,653	2,653
	2,653	2,653
30 September 2018 (Unaudited)		
<i>Investment Securities</i>		
Unlisted equity securities	2,904	2,904
	2,904	2,904

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

18. CONTINGENCIES AND COMMITMENTS

	30 September	31 December	30 September
	2019	2018	2018
	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Audited)	(Unaudited)
Capital commitments			
For the acquisition of property and equipment	57,829	55,236	62,605
For the acquisition of Palestinian mobile license	51,474	51,322	51,268
	109,303	106,558	113,873
Contingent liabilities			
Letters of guarantee	2,804	2,490	2,423
Letters of credit	9,627	13,325	16,277
	12,431	15,815	18,700

18. CONTINGENCIES AND COMMITMENTS (CONTINUED)

Litigation and claims:

- A. Additional tax claims amounting to KD 5,322 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.
- B. Additional tax claims amounting to KD 33,373 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.
- C. In October 2019, the Court of Appeals has decided against WTA in respect of certain alleged foreign currency violations raised by Algerian Central Bank. The penalty decided by the Court of Appeals against WTA is KD 28,870 thousand. The final written order of the Court of Appeals is yet to be received. WTA has decided to appeal against this decision in the Court of Cassation.
- D. Claims against Ooredoo Maldives PLC amounting to KD 1,322 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.
- E. A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the Ministry of Communications since 26 July 2011 was 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 has estimated the recoverable amount which is subject to the approval of the judicial authorities.

19. FINANCIAL RISK MANAGEMENT

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 30 September 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:

	Outside Kuwait						Total
	Inside Kuwait	Tunisia	Algeria	Maldives	Others	Un-allocated	
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Nine months ended 30 September 2019 (Unaudited)							
Segment revenues – Point over Time	132,683	85,453	153,633	28,566	22,139	-	422,474
Segment revenues – Point in Time	37,030	6,072	3,688	742	16	-	47,548
Segment revenues	169,713	91,525	157,321	29,308	22,155	-	470,022
Segment results	9,040	10,693	5,340	8,375	(1,231)	(4,533)	27,684
Nine months ended 30 September 2018 (Unaudited)							
Segment revenues – Point over Time	121,459	88,057	171,112	27,182	22,432	-	430,242
Segment revenues – Point in Time	60,255	7,310	2,461	1,566	544	-	72,136
Segment revenues	181,714	95,367	173,573	28,748	22,976	-	502,378
Segment results	3,371	4,772	10,578	7,753	(1,104)	(5,013)	20,357
As at 30 September 2019 (Unaudited)							
Segment assets	364,956	169,440	352,432	58,941	70,810	221,364	1,237,943
Investments and other assets	2,088	2,763	23,428	556	-	-	28,835
Total assets	367,044	172,203	375,860	59,497	70,810	221,364	1,266,778
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 September 2018 (Unaudited)							
Segment assets	297,422	149,908	336,886	60,567	80,678	234,209	1,159,670
Investments and other assets	2,903	351	18,626	439	-	-	22,319
Total assets	300,325	150,259	355,512	61,006	80,678	234,209	1,181,989

21. COMPARATIVE FIGURES

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

21. COMPARATIVE FIGURES

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