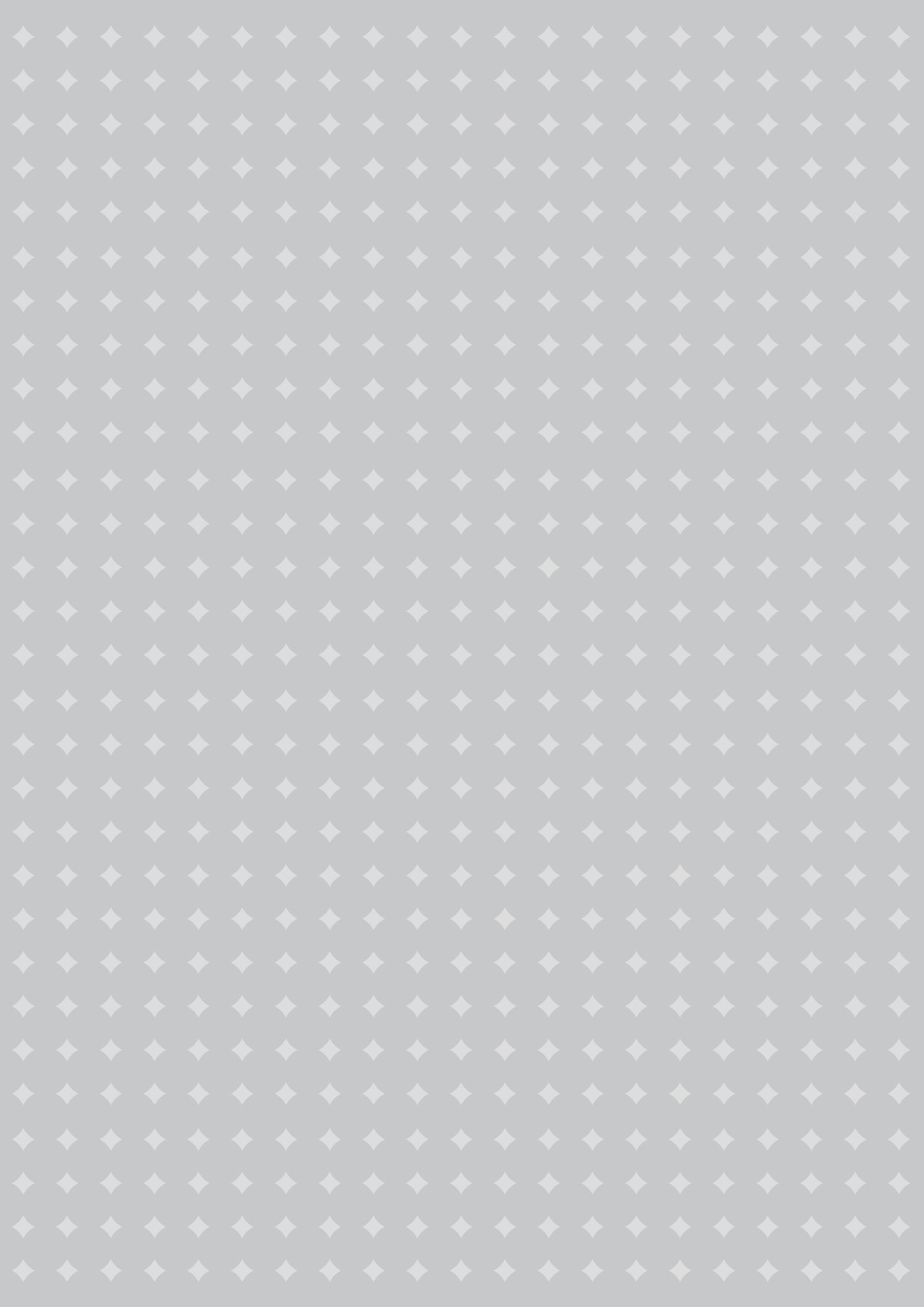




Annual Report 2015  
Kuwait





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ





H.H. Sheikh Sabah Al Ahmad Al Jaber Al Sabah  
The Amir of the State of Kuwait



H.H. Sheikh Nawaf Al Ahmad Al Jaber Al Sabah  
The Crown Prince



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## Chairman's Message

Dear Respected Investors,

This Annual Report sheds light on the most important developments and achievements made by the company during 2015, where number of initiatives were introduced & designed to enhance the company's position in an environment with a fierce competition in all countries in which it operates.

### Ooredoo Kuwait

2015 was a successful year for Ooredoo Kuwait, as we delivered a good performance and capitalized on the progress and development made during 2014.

In Kuwait, we became the first telecom operator to launch 4G+ and LTE-A during 2015 and we now have the largest retail network in the country.

Ooredoo's customer base in Kuwait was 2.3 million at the end of 2015, a decrease of 9.8% on the same period in 2014. Revenues for 2015 were KWD 188.1 million (USD 619.8 million), an increase of 11.9% compared to 2014 of KWD 168.0 million (USD 573.3 million). EBITDA in 2015 was KWD 51.3 million (USD 169.1 million) versus EBITDA of KWD 37.0 million (USD 126.4 million) for 2014, an increase of 38.6%. Net Profit in 2015 was at KWD 17.8 million (USD 58.8 million), compared to KWD 14.9 million (USD 50.9 million) in 2014.

### Ooredoo Tunisia

Ooredoo's Tunisia customer base at the end of 2015 was 7.5 million customers, a decrease of 0.8% on 2014. During 2015, the Tunisian Dinar depreciated by 9% compared to 2014, which has significantly impacted the results shown in KWD. Revenues for 2015 were KWD 149.0 million (USD 490.9 million), compared to revenues of KWD 178.7 million (USD 609.8 million) in 2014. EBITDA was KWD 61.6 million (USD 203.0 million) compared to KWD 83.7 million (USD 285.7 million) for last year representing a decrease of 26.4%. The Net Profit in 2015 was KWD 12.1 million (USD 39.9 million), a decrease of 48.2% compared with KWD 23.3 million (USD 79.6 million) in 2014. The Net Attributable Profit to Ooredoo in 2015 was KWD 9.1 million (USD 29.9 million), compared to KWD 17.5 million (USD 59.7 million) in 2014.

### Ooredoo Algeria

Ooredoo's customer base in Algeria was 13.0 million customers at the end of 2015, an increase of 6.6% on 2014. During the twelve months to 31 December 2015, the Algerian Dinar depreciated by 18% compared to 2014, which has significantly impacted the results shown in KWD. Revenues for 2015 were KWD 332.5 million (USD 1095.5 million), a decrease of 8.0% compared with revenues of KWD 361.3 million (USD 1,232.8 million) in 2014. EBITDA in 2015 was KWD 121.8 million (USD 401.3 million), an increase of 5.8% on KWD 115.1 million (USD 392.9 million) for 2014. Total Net Profit for 2015 was KWD 20.4 million (USD 67.2 million) compared to a total Net Profit of KWD 17.1 million (USD 58.2 million) in 2014. The Net Attributable Profit to Ooredoo for 2015 was KWD 14.5 million (USD 47.7 million) compared to a Net Attributable Profit of KWD 12.1 million (USD 41.3 million) for 2014. Excluding the losses caused by depreciation of DZD, the Attributable Net Profit to Ooredoo would be KWD 22.4 million (USD 73.9 million) compared with KWD 19.2 (USD 65.4 million) in 2014.

### Wataniya Mobile Palestine

The total customer base for Wataniya Mobile Palestine at the end of 2015 was 0.7 million, an increase of 13.0% from the previous year. Revenues increased by 3.2% to KWD 25.1 million (USD 82.5 million), compared with 2014 revenues of KWD 24.3 million (USD 82.8 million). EBITDA for 2015 was KWD 6.5 million (USD 21.4 million) an increase of 76.9%, compared to an EBITDA of KWD 3.7 million (USD 12.5 million) in 2014. The total Net Loss for 2015 was KWD 1.5 million (USD 5.0 million) compared to a total Net Loss of KWD 4.7 million (USD 16.1 million). The Net Attributable Loss for the Year 2015 stood at KWD 0.7 million (USD 2.4 million) compared to a Net Attributable Loss of KWD 2.3 million (USD 7.8 million) in 2014.

### Ooredoo Maldives

Maldives total customer base at the end of 2015 was 0.3 million, an increase of 17.1% from the previous year. Revenues for 2015 were KWD 23.8 million (USD 78.4 million), an increase of 47.4%, compared to KWD 16.2 million (USD 55.1 million) for 2014. EBITDA increased by 104.9% in 2015 to KWD 11.0 million (USD 36.1 million), compared to an EBITDA of KWD 5.3 million (USD 18.2 million) in 2014. Net Attributable Profit for 2015 was KWD 5.1 million (USD 16.7 million) compared to the Net Attributable Profit of KWD 1.3 million (USD 4.4 million) in 2014.

### Bright Future Ahead

We optimistically look forward to the future of Ooredoo Kuwait with a relatively positive vision. As we strive to stay in the top positions in terms of the use of advanced networks, we have taken important steps to provide 5G services once the demand arises along with the devices that are compatible with it.

Our objective in the coming period is to launch the 5G technology and offer voice services over LTE VoLTE technology. We are also confident that the coming years will witness a qualitative leap, and we will continue to meet the needs of our customers and to achieve their aspirations and provide a unique customer experience of its kind, which will enable us to consolidate our position in the domestic market and the world alike.

**Saud bin Nasser Al Thani**



## CEO's Message

Today, I am proud to assure our shareholders and customers that 2015 witnessed major developments on services and products offered to our customers at all levels.

There is no doubt that the telecom sector is a rapidly evolving sector, and has witnessed a substantial growth in the past years. The sector will continue witnessing further growth in light of the current dominating competitive atmosphere.

The future of the sector is linked significantly with the quality of the internet services provided by telecommunications companies. Internet bundles are indispensable for a vast majority of clients from various backgrounds; whereas the use of the Internet has become an absolute necessity, with millions of mobile phone users browsing websites and using social media channels as well as applications. It has become an integral part of their daily routine.

### Market Share and Financial Performance

Ooredoo Kuwait's market share is 30% of the local market, which is a good ratio in light of the competitive environment in Kuwait. The Kuwaiti market is considered a very competitive market, especially with the significant increase in customers' awareness and deep understanding of the latest communications technologies.

Ooredoo Kuwait's customer base totaled 2.3 million customers at the end of 2015, while revenues reached a total of 188.1 million KD; an increase of up to 11.9% compared to 2014.

### Communication Applications

Today, free applications dramatically impacted the traditional communications, which led to a decline in the traditional operations earnings of most companies. No one can deny the decline in the sector's revenues resulting from a comprehensive change in the rules of the game. Voice calls are no longer a priority, for new technological services offered an easy way to transfer data and information. At the same time, the use of smart phones' internet bundles is continuously increasing. We strive to lead in providing such high-demand bundles and packages.





The telecom sector in Kuwait is considered a competitive yet a dynamic one at the same time, with a penetration ratio exceeding 180%. The sector is also witnessing a boom in the latest innovative services that are tailor-made to benefit all segments of customers. At Ooredoo Kuwait, we look forward to a successful cooperation between us and the Telecommunications Regulatory Authority (TRA) in the country and we will continue this effective cooperation for the best outcome possible.

#### Technological Initiatives and Networks' Development

Ooredoo Kuwait is leading in the field of communications technology and has the best expertise to offer its customers the latest and best network. In the past years, the company has conducted many modernization and development operations to the network, allowing it to keep abreast of the latest developments and changes in the field of communications. Ooredoo Kuwait is keen to pursue and attract the latest innovations and developments in the field of telecommunications and information technology within its strategic plans in collaboration with its partners and global companies.

Ooredoo Kuwait partners with both Ericsson and Huawei continuously in order to provide the best products and solutions that maintain its prominence as the best network.

Ooredoo Kuwait offers the latest products to meet customers' needs and enrich their lives. The company has completely upgraded the entire network with LTE / LTE-A technologies, and has offered an exclusive 4G+ free of charge to all customers. Ooredoo will continue searching for ways to enhance customers' confidence by providing the best services and offers and to further improve their experience.

#### Our Social Responsibility

Ooredoo's corporate social responsibility program in Kuwait was aligned with the group's strategy in 2015. It was designed to focus largely on youth empowerment and the support to entrepreneurs and small businesses. Our social responsibility programs emphasize on the importance of our role in enriching our customers' lives. We have successfully launched a special voluntary program (Ooredoo Volunteers Program), which focuses on urging young people to volunteer and provides training courses as well as volunteering opportunities in the holy month of Ramadan.

On the other hand, Ooredoo Kuwait has developed a range of activities to support youth and Kuwait's growing community of entrepreneurs. Sponsorship of the one of a kind Qout Market provided a platform for start-ups to craftsmen, farmers and musicians. This event managed to gather together a very important segment of the community which is Youth; a crucial part of our society.



#### A Promising Future

We will continue at Ooredoo Kuwait to achieve our vision and fulfill our promises towards our customers and provide a new lifestyle based on modern digital technologies.

Furthermore, we will spare no effort in providing innovative products and services that will give our customers an unrivaled experience.

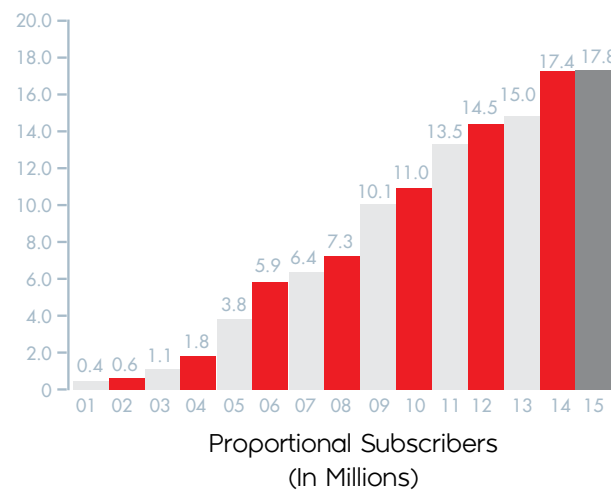
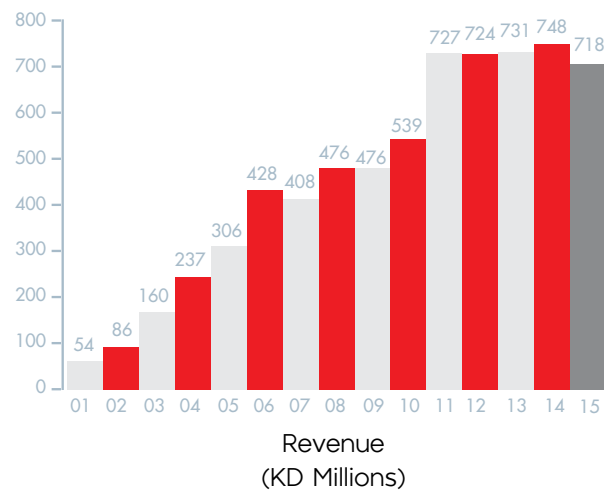
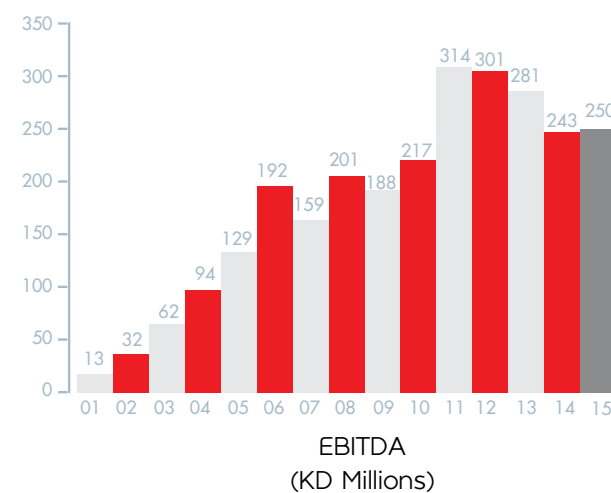
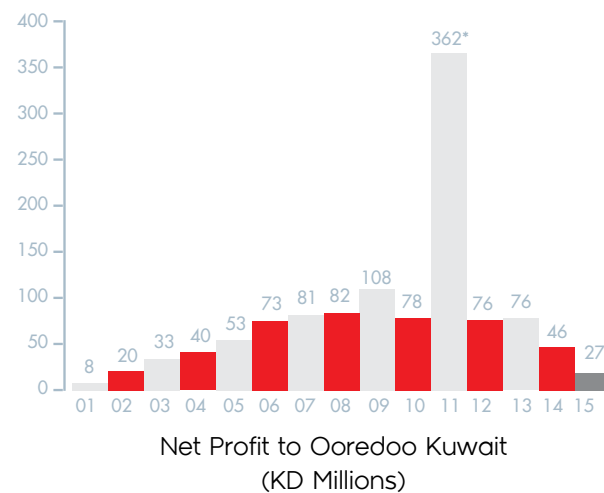
In conclusion, I would like to express my gratefulness and gratitude to our customers, partners, employees and shareholders. I truly appreciate your ongoing support and your continuous trust.

**Mohammed bin Abdullah Al Thani**



## Financial Highlights

For the year ended 31 December 2015



\* In Q1 2011, a fair value gain (non-cash) of KD 265.3 million was recorded due to a revaluation of the existing held interest in Tunisiana following the increase in the shareholding from 50% to 75%.

### Ooredoo Kuwait

	Year 2015 (in millions)	Year 2014 (in millions)
Total subscribers	2.3	2.5
Revenue	188.1	168.0
EBITDA	51.3	37.0
EBITDA %	27%	22%
Net profit to Ooredoo Kuwait	17.8	14.9

### Ooredoo Tunisia

	Year 2015 (in millions)	Year 2014 (in millions)
Total subscribers	7.5	7.6
Revenue	149.0	178.7
EBITDA	61.6	83.7
EBITDA %	41%	47%
Net profit to Ooredoo Kuwait	9.1	17.5

### Ooredoo Algeria

	Year 2015 (in millions)	Year 2014 (in millions)
Total subscribers	13.0	12.2
Revenue	332.5	361.3
EBITDA	121.8	115.1
EBITDA %	37%	32%
Net profit to Ooredoo Kuwait	14.5	12.1

### Ooredoo Maldives

	Year 2015 (in millions)	Year 2014 (in millions)
Total subscribers	0.3	0.3
Revenue	23.8	16.2
EBITDA	11.0	5.3
EBITDA %	46%	33%
Net profit to Ooredoo Kuwait	5.1	1.3

### Wataniya Mobile Palestine

	Year 2015 (in millions)	Year 2014 (in millions)
Total subscribers	0.7	0.6
Revenue	25.1	24.3
EBITDA	6.5	3.7
EBITDA %	26%	15%
Net profit to Ooredoo Kuwait	(0.7)	(2.3)

### Ooredoo Kuwait - Consolidated

	Year 2015 (in millions)	Year 2014 (in millions)
Total subscribers	23.8	23.2
Revenue	718.4	748.5
EBITDA	250.2	242.8
EBITDA %	35%	32%
Net profit to Ooredoo Kuwait	26.7	45.7



Ooredoo

Kuwait





## Ooredoo Kuwait

In 2015 Ooredoo Kuwait capitalized on the significant progress it had achieved in previous years, launching initiatives designed to increase market share in a competitive environment. It has the largest retail telecom network in Kuwait and offered customers the best data coverage as it rolled out LTE (4G+ Speed) to an additional 540 sites across the country.

### Upgrade and Development

Ooredoo Kuwait was the first telecom operator in the country to offer customers LTE-A and 4G+. We enhanced our customers' experience by investing in our network and training our people to deliver the most helpful and valuable services while providing the largest number of retail outlets in the country to make it easier for our customers to experience Ooredoo Kuwait services. I am proud of our achievements during the year and look forward to continuing our digital transformation in 2016.

Ooredoo Kuwait became the first telecom operator to launch LTE-A and 4G+ in the country. Its LTE network now covers 92% of the population.

The company also made significant investments in its network to improve coverage for customers, rolling out many green-field sites to support data penetration. It enhanced capacity through carrier upgrades and sector upgrades to reflect Ooredoo's focus on data and B2B, increased cost efficiencies with the successful trial on Active Antenna Sharing to improve site sharing ratios and established a new data center. It also expanded capacity of its 2G and 3G network and signed a five year contract with Huawei to streamline network planning, operations and maintenance.

Delivering on its customer-first strategy, Ooredoo Kuwait introduced new lines of devices into the market during 2015 including wearable technology, the iPhone 6S and iPhone 6S Plus and premium tablets, enhancing its ability to take market leadership.

To provide a better customer experience, the company deployed rapid response and action team addressing customer feedback. It also focused on promoting its E-Bill services and other self-service initiatives to meet customers' increasing demands to manage their services at a time and place that suit them most.

Ooredoo Kuwait launched the "Walk the Talk" initiative during 2015 to support the company's cultural transformation project. As part of this project, leadership of the company visited various customer channels including its branches, dealers and customer care divisions to live the experience of its frontline employees, understand challenges and demonstrate Ooredoo's core values of Care, Connect and Challenge through leadership. By doing so, leaders will continue to gain valuable insight into not only customer but also employee feedback to enhance internal engagement, provide a better working environment and deliver better customer service.

Various training programs for the frontline focused on topics such as selling, customer service, product knowledge and coaching skills for managers and leaders. Senior executives of the company were assessed by a leading people advisory firm to build the pipeline of future leaders while mid-level managers were offered modular development programs on topics such as managing conflict, delegation, performance management and communication skills. Overall, 90% of employees at Ooredoo Kuwait undertook training and/or development programs during 2015, all with the aim of providing a better experience for customers and employees.

In line with Ooredoo Group's strategy of supporting youth empowerment and entrepreneurialism, Ooredoo Kuwait collaborated with several local and international organizations to implement corporate social responsibility initiatives. Ooredoo Kuwait created a youth empowerment program, winning the recognition of the Ministry of State for Youth Affairs as the only private sector entity to support youth in the field of volunteer work. Ooredoo supported the Qout Market, Kuwait's biggest hub for locally-produced vegetables, artisanal foods and crafts, for the third consecutive year to encourage consumption of local produce and goods and also supported the Jahzeen Training Program which empowers young graduates with the skills they require to enter the workforce.

To enhance its brand value and engage with customers, Ooredoo Kuwait organized events to launch its smartphone offerings for pre and post-paid customers. Its Ramadan campaign and television commercial, which offered customers unlimited internet on their smartphones throughout the holy period for only KD 5, earned it the Creativity Award by the Arab Media Forum for its efforts to engage with the local community and its commitment toward preserving Kuwait's heritage and local traditions. It was also awarded the Best Customer Care Environment by Insight and Best CSR Program from Telecom Review.

In 2016, Ooredoo Kuwait will focus on enhancing the overall customer experience through digital transformation, capitalizing on the benefits from its 2014 organizational restructure. It will also aim to increase its share of high value customers. In response to high demand, Ooredoo Kuwait will also refresh its popular Nojoom loyalty program which partners with premium stores to offer customers over 100 rewards and benefits by simply using their Ooredoo services.



Ooredoo

# Tunisia





## Ooredoo Tunisia

**Ownership:**  
Ooredoo Kuwait owns  
75% of Ooredoo Tunisia.

2015 was a highly eventful year for Tunisia, with the election of a new government and a president. Later on in October, The National Dialogue Quartet was awarded the Nobel Peace Prize for the efforts made to establish an alternative, peaceful and political process for democratic transition. Yet, Tunisia has experienced a wave of terrorist attacks which impacted the country's economy.

Despite the growing economic difficulties and competitive pressures, Ooredoo Tunisia succeeded in delivering competitive financial and operational results. During 2015, Ooredoo Tunisia maintained its position as a leading network provider in the market with its 7.5 million customers including voice and data. The company focused on investing in its network, succeeding to build a clear differentiation in quality and was voted best operator in the Greater Tunis for its high-quality 3G mobile technology by the regulator. These significant investments were supported by commercial initiatives to increase its presence and proximity amongst customers, with 21 new points of sale launched across the country. Furthermore, its devices strategy allowed Ooredoo Tunisia to significantly enhance smartphone penetration among its customer base, reaching 30 per cent by the end of 2015. Mr Youssef Al Masri, a 20-year veteran of the Ooredoo Group, was appointed as the company's new CEO in November 2015 to deliver the company's new strategic direction in 2016 and beyond.

Ooredoo Tunisia reinforced its position as the country's leading mobile telecom operator and became the leader in mobile data with market share of over 40% during 2015. We also launched the first 4G technology tests, a historic event for the company and the country as the first mobile operator to test this type of technology in Tunisia. Increased pressure on voice revenue due to aggressive competition, regulatory developments and a weakening macroeconomic environment led us to review our pricing strategy during the year. Overall, we delivered a solid financial performance in 2015 and I am confident our new strategic direction will allow us to build on our position in 2016.

Ooredoo Tunisia consolidated its position as leader in mobile data and launched 4G technology tests, becoming the first mobile operator in Tunisia to test LTE.

Underpinning its customer-oriented strategy, Ooredoo Tunisia effectively focused on providing the best possible mobile data

experience and expanding the company's B2B services, despite the economic slowdown in the country. It launched multiple new mobile, fixed, cloud hosting and M2M products targeting at its business customers and acquired important enterprise accounts. It also continued to multiply its B2B convergent offerings with the launch of "Office in a Box", a convergent box offering high speed internet access and shared fixed and mobile voice packages. In a highly competitive market, Ooredoo Tunisia achieved significant increase in business customers by strategically expanding its B2B offerings. The company's smart devices strategy saw a significant increase in the use of its 3G services such as internet browsing. It also launched a new daily data bundle which was designed to meet the general needs and budgets of customers, amplifying data usage. This was the key driver behind the robust growth of 3G users during the year which led to a considerable rise in revenues. Nourished by the growing range of new 3G products and services, in 2015 Mobile Broadband connections scored a significant growth.

With its continuous improvement plan and efforts to diversify its revenue and maintain ongoing business model, Ooredoo heavily invested in its network improvement and expansion. With a full year total CAPEX of 203 million, Ooredoo made a substantial improvements to its 3G network capabilities, with optimizations and extensions across more than 40 per cent of Tunisia's radio stations. Ooredoo's 3G connection increased its reach in the southern regions of the country, which subsequently raised 3G penetration to 93 per cent of the total population. It also invested in rolling out new radio stations in order to meet customers' demand for data and established direct connections with Facebook and Google servers located in the UK. These initiatives allowed Ooredoo Tunisia to improve the data usage experience for its customers by providing more reliable connections, faster data speeds and greater coverage.

2015 was also an instrumental year in terms of Ooredoo Tunisia's corporate social responsibility initiatives, demonstrating its belief in the importance of maintaining and strengthening Tunisia's social community and contributing to the country's human growth and social development. An example of this is Ooredoo Tunisia's continued support of Darna, an association offering abandoned children a safe home, and Enoor, an after school center supervising children who are socially vulnerable. Ooredoo Tunisia also partnered with IHEC University, sponsoring grants awarded to excellent students. In addition, the company successfully launched a mobile clinic project in collaboration with the Tunisian Red Crescent to provide free medical assistance to many rural areas. Other CSR initiatives included the reconstruction of a primary school in the rural area of Sidi Bouzid and the launch of Zoomi, a mobile application designed to report pollution and sanitary problems, in cooperation with the Ministry of Environment.

### The Year Ahead

As Ooredoo Tunisia looks forward to 2016, it will reinforce its position in the market and build on the successes achieved during 2015. In particular, it will focus on speeding up its transition from a mobile operator to a unified communications provider by providing high quality voice, data, business and content services while implementing newly launched technologies to allow its customers to access data services wherever they are and on all devices.



Ooredoo

# Algeria





## Ooredoo Algeria

**Ownership:**  
Ooredoo Kuwait owns  
71% of Ooredoo Algeria.

Ooredoo Algeria maintained its position as the clear market leader in 3G and data services during 2015. The company commercially launched 3G in 11 additional high growth Wilayas (districts) expanding its overall coverage in the country. Supporting these achievements was a thorough customer and brand analysis as well as key technology investments both in the company's network as well as its service offering to appeal to customers' requirements for convenience. The company was recognized by international and regional associations, including three awards from the 12th edition of International Business Awards and Best Employer of Choice by the American Institute and UK Career Fair.

Leveraging our superior 3G value proposition, Ooredoo Algeria now has over five million 3G users and an overall customer base of 13.4 million people. We expanded into new 3G markets during 2015 and our estimated covered market potential reached 90% across the country. With the support of a great team, I am confident Ooredoo Algeria will continue to enrich people's lives providing the best telecommunications experience for Algerians as well as our corporate social responsibility initiatives to support the communities in which we operate.

Underpinning Ooredoo Algeria's growth during 2015 was its considerable investment in its network as well as its focus on customers through various research initiatives. Ooredoo Algeria's success can be partly attributed to its continuing customer-focus strategy. Since 2013, the company has gathered detailed information on customer satisfaction, experience and expectations by conducting regular market surveys to guide its strategy and provide a best in class customer experience. During 2015, it elevated its market research with more sophisticated technology allowing real-time tracking of customer satisfaction.

By the end of 2015, Ooredoo Algeria had deployed 3G in an additional 11 Wilayas (districts) to cover 36 areas, up from 25 Wilayas in 2014. Despite its main competitor's presence in 39 Wilayas, Ooredoo Algeria captured 47% of data users and 53% of all data market revenues and now has an overall customer base of 13.4 million at the end of 2015. It also partnered with Lenovo to launch targeted device promotions to boost voice and data usage.

Ooredoo Algeria also started to generate revenue beyond data traffic through revenue share agreements with key content providers. Although a nascent revenue stream at this time, Ooredoo Algeria sees potential for growth in this area.

The company's significant public-private partnership with Agence Nationale de Développement de la Petite et Moyenne Entreprise (ANDPME) has supported the Algerian economy by addressing problems such as the under-development of technology in the SME sector, difficulties for entrepreneurs and youth unemployment. Under the partnership, incubation facilities were set up in Oran and Constantine, with an aim to accelerate technological start-ups, and a competition was held to facilitate the development of innovative mobile applications and content.

Ooredoo Algeria's support of the local community continued with a decade long partnership with the Algerian Red Crescent. Through its partnership with the Leo Messi Foundation, Ooredoo Algeria launched an additional three Mobile Medical Clinics in the south of the country while it also funded workshops at a literacy center in Jijel, a province located in the East region of Algeria, and implemented several projects in association with the Algerian Federation of Disabled People. During 2015, it also focused on boosting the country's entrepreneurial culture, hosting workshops to teach children the basics of programming and robotics in conjunction with NGO Devox.

In February, Ooredoo Algeria signed a three year agreement with Real Madrid football club. In addition to traditional sponsorships, the partnership will also implement a number of initiatives to support Algerian youth. Ooredoo Algeria has a long history of partnering with sporting teams and has become the technology partner of choice among sporting associations in the country.

The company also focused on optimizing internal systems to increase efficiencies and customer experience. Ooredoo Algeria aims to become a paperless company in the future and undertook measures to digitize its processes including digitalizing customer contracts. It also invested substantially in its e-commerce platform, security operation center and virtualization of its IT infrastructure.

To ensure it has the best people in place to deliver Ooredoo's strategy, the company continued to invest significantly in its people. For the fourth consecutive year, eligible top and middle management executives were sent to prestigious business schools in France and Algeria to support their overall professional development.

Devaluation of the Algerian Dinar impacted the company's financial results in 2015. The company successfully secured loans in local currency, thus eliminating any Forex risk.

### The Year Ahead

Ooredoo Algeria aims to maintain its leading position in the 3G market in 2016, leveraging its superior 3G value proposition and customers' promise. By investing in its network deployment ahead of competitors, having a detailed understanding of its customers and their demand for data services, Ooredoo is well placed to continue its growth in the market in 2016. The upcoming launch of LTE and new digital business opportunities such as mobile financial services will also facilitate growth for Ooredoo Algeria.



Ooredoo

Maldives



## Ooredoo Maldives

**Ownership:**  
Ooredoo Kuwait holds  
100% of the operations of  
Ooredoo Maldives.

2015 was another incredible year for the Ooredoo Maldives team. With the support of a dynamic and highly engaged team, we have surpassed all our targets for the year. Our success in key projects like dominance in data and moving towards being the first digital company has proven our worth in Maldives. As the entire nation joined our tenth year celebrations in the Maldives, it was a pleasant reminder of our strong bond with the local communities as the most valued telecom operator in the country. With this in mind, we will continue our efforts to empower customers by providing them with new opportunities for development, powered by the latest innovations in telecom. We have big opportunity in front of us in 2016, as we transform from being a mobile operator to a total telecom solution provider and we're kicking things off with renewed energy and direction.

Since its inception in the Maldives, Ooredoo has continued to demonstrate its commitment to enriching the lives of customers. The company has been at the very forefront of introducing advanced technologies from the global telecommunication market, to the people of Maldives. Ooredoo places uppermost priority on empowering customers by providing them with new opportunities for development, powered by the latest innovations in the world. As the company celebrated ten years in the Maldives with the #ThankYouMaldives campaign, the company was recognized by its customers and their communities, for its widely acknowledged role in transforming the telecommunication industry of the nation.

In 2015, Ooredoo continued to demonstrate its commitment to enriching the lives of its customers, with significant contributions to the country's telecommunication sector; with respect to both infrastructure and innovative new services. Its tenth year of service was a noteworthy one, as the company established itself as the market leader in mobile data, and increased its overall customer market share. A key highlight of the year also included Ooredoo being awarded the fixed line internet license in the Maldives, which will provide a platform to become a full-fledged telecommunications company.

Ooredoo Maldives became the first ever corporate in the Maldives to launch a mobile application, giving customers full control to manage their Ooredoo services right from their smartphone, at any time, from anywhere. The company also partnered with Dimelo, to upgrade the digital customer experience offered to customers, by consolidating service touch points for social media, live chat and mobile app. Focus was also placed on building long lasting relationships with high value customers, with the launch of Club Premier - a first-class reward scheme tailored for its most valuable customers. With emphasis on creating a superior customer service, the Ooredoo Maldives team also launched service camps across the nation, where customers are able to receive service at their door step.

Ooredoo Maldives carried out important steps to ensure a superior

network experience to its customers across the Maldives. In this regard, the company successfully completed an ambitious project to expand its 3G+ network to cover 99% of the nation. The company also expanded its LTE network to cover 37% of the nation, operating over two different spectrums. A \$25 million project was kicked off by Ooredoo Maldives in 2015, to deploy a nation-wide fiber optic submarine cable, which will bring about key enhancements to the quality of internet connectivity that can be provided across the country. Combined with an escalated network capacity for the delivery of high bandwidth services, this will provide Ooredoo with an enhanced resilient network that can fully address the country's increasing communication needs across developing islands and new resort locations.

The company launched their smart city initiative, unveiling a range of smart solutions, and also created Wi-Fi hangout areas across prime spots in the capital city. Furthermore, Ooredoo partnered with Facebook to launch free basics in the Maldives, creating the opportunity for all its customers to connect to a range of free basic services like news, health, travel, local jobs, sports, communication via the Free Basics website and mobile application.

In alignment with its vision to enrich people's lives as a communication company, Ooredoo committed to some important global campaigns. Ooredoo has pledged its commitment to the United Nations Sustainable Development Goals ("Global Goals"), which aim to eradicate extreme poverty, improve the lives of people and create an all-round healthier world for tomorrow. The company will have special focus on key five goals that are vital to the community it exists in; Good Health, Gender Equality, Innovation and Infrastructure, Quality Education and Climate Action. As a committed partner to the Connected Women program which works to accelerate and grow the female digital economy, Ooredoo launched the 'Smart Ideas for Women' challenge to understand the key challenges being faced by women across local communities and to create awareness on how technologies can provide smart solutions in tackling these issues. Contributing to existing partnerships such as Child Helpline International, Ooredoo Maldives donated a smart phone and a toll-free number through which children in need can reach out to the local Child Helpline. In alignment with the principles promoted by the Humanitarian Connectivity Charter, Ooredoo offered the support of its advanced technologies during times of crisis, such as free calls to areas that were hit by major disasters. The company also donated six defibrillators to Indira Gandhi Memorial Hospital in Male', supporting emergency personnel in providing immediate response to emergency cases.

Ooredoo played a key role in promoting a healthy lifestyle across its communities in the Maldives. High impact initiatives include PSG coaching clinic and Fans Do Wonders campaign held under Ooredoo group's partnership with Paris Saint Germain. Ooredoo Maldives was also the official sponsor for the largest football league in the Maldives, the Dhivehi Premier League by Football Association of Maldives.

Moving forward with its goal of becoming the Employer of Choice in the Maldives, Ooredoo carried out important initiatives for the people behind its successful year. An organization wide structure revision was carried out to align new business developments and to ensure maximum operational efficiency.

### The Year Ahead

In the year ahead, Ooredoo Maldives aims to become a fully-fledged communications service provider with the launch and development of its FTTS services. Exciting areas of opportunity include the launch of mobile number portability, its venture into mobile money market, and the expansion of its smart solutions for home and enterprise market. With market leadership in close sight, Ooredoo Maldives will remain committed to its strategic priorities; a state of the art network experience, an innovative product portfolio, and a differentiated customer experience. As the company moves towards becoming the first digital company in the country, Ooredoo will work to bring the benefits of digital to all corners of the Maldives. Continuing its key role in the social and economic development across local communities, special focus will be placed on achieving the UN sustainable development goals that Ooredoo Maldives has committed towards: Health, Gender Equality, Innovation and Infrastructure, Quality Education and Climate Action. Ooredoo will continue to work towards its goal of becoming the Employer of Choice in the Maldives, by guaranteeing a motivational atmosphere at work, which encourages employees to flourish.



Wataniya Mobile

# Palestine





## Wataniya Mobile Palestine

**Ownership:**  
Ooredoo Kuwait holds 48.45% stake in the operations of Wataniya Mobile Palestine.

During the past year, Wataniya Mobile has focused on transforming its commercial operations and strengthening its market position through revamping many of its products, enhancing its sales footprint, increasing acquisitions, reducing churn and improving its marketing activities. This led to significant increase in acquisition and revenue. On the other hand, the company made significant progress in optimizing its cost structure across multiple cost categories. The company also secured an extension to its license for five additional years and a waiver from the governmental royalty fees for a similar period. The combination of increased revenue in the one hand and significant cost reductions on the other, have led to significant improvements in EBITDA and net profits.

### Customer Base Increase

During 2015, Wataniya made remarkable progress on all fronts. Due to smart marketing activities and strong customer acquisition campaigns, we strengthened our market position and grew our customer base by 13%. At the same time, we continued to optimize our cost structure achieving considerable savings across the business. Excluding FX impact, revenue grew by 4% over the last year and despite the impact of the unfavorable currency exchange, EBITDA grew by 67% to \$21.5 million. In 2016, we are looking at significant growth as we expand our operations into the Gaza Strip, which represents 40% of the Palestinian market, and launch 3G services in The West Bank.

### Advanced Billing System

During 2015, Wataniya continued its advanced billing system project to replace the existing platforms (billing, Intelligent Network, Customer Relationship Management, Provisioning, etc.), where all subscribers were migrated to the new system. As part of its dedication to providing the best network, the company deployed and activated core network redundancy nodes to improve the quality of its services.

### Sports: Top Support

Moreover, Wataniya Palestine maintained a strong focus on brand development and corporate social responsibility during 2015. Supported by Ooredoo, Wataniya Mobile signed a prime sports sponsorship opportunity in Palestine with the Palestinian Football Professional League, thus maximizing brand awareness and brand affinity. The league offers Wataniya Mobile the opportunity to cater to a wider audience

with numerous unique customer-facing branding opportunities.

Wataniya Mobile implemented initiatives to develop and improve its customer service during 2015 with the objective of enhancing customer loyalty and boost retention. These initiatives systematically identified customers who were at risk of discontinuing their services with Wataniya and channeled resources to retain their business with positive effects.

The company also invested heavily in its people, conducting a comprehensive employee engagement strategy focusing on enhancing its corporate culture, improving internal communication, and rolling out more effective performance management systems & training programs. The company has already started to see the benefits of this investment with a positive impact on loyalty and employee job satisfaction, which boosted productivity and increased job performance remarkably.

### The Year Ahead

Wataniya Mobile sees significant growth opportunity in Palestine as the country has lower penetration rates and a younger population compared to nearby countries. Furthermore, during 2016 Wataniya expects to begin the deployment of a modern 3G network in the West Bank. It also expects to expand its services to the Gaza Strip which constitutes 40% of the Palestinian market. The rollout of the 3G services in the West Bank and the launch of the 2G services in Gaza offers a great growth opportunity that will propel revenue in the coming few years.



# Corporate Social Responsibility



## Corporate Social Responsibility

Ooredoo Kuwait's CSR plan for 2015 was in alignment with the group's strategy, focusing greatly on the areas of youth empowerment and entrepreneurship support.

Ooredoo collaborated with several successful organizations known locally and internationally for their community outreach programs. Additionally, Ooredoo Kuwait created its own youth empowerment program, winning the recognition of the Ministry of State for Youth Affairs as the only private sector entity to support youth in the field of volunteer work.

All of Ooredoo's projects aim to support men and women equally, with no discrimination between genders, which stems from the company's belief in gender equality.

### Ooredoo Volunteer Program

Ooredoo's own initiative to set up a volunteer program for youth started in the summer of 2015, coinciding with the vacation of the biggest segment in society: youth. Additionally, the holy month of Ramadan falls within the summer of 2015. Tapping on the spirit of charitable deeds, Ooredoo promoted the idea of extending donations beyond money, inviting youth to volunteer time and effort for the betterment of their country. Registration was announced on social media, and attracted an overwhelming number of candidates that exceeded 800 within a week. All participants were given training on international standards, ensuring that all participants are well-equipped with the knowledge and tools needed for supporting volunteer groups across the country. The program embraced a number of established volunteer groups that were looking for an umbrella to work under.

### Qout Market

Qout Market is Kuwait's biggest hub for locally-produced vegetables, artisanal foods and crafts. Ooredoo Kuwait supported the market's 3rd annual season, which spans from November 2015 to April 2016. The market, which is held this season bi-weekly instead of once a month in the previous seasons, focused on quality rather than quantity, limiting its vendors to 50 per market only. Ooredoo's support for the event went to facilitating the establishment of better kiosks for vendors, in addition to free giveaways, refreshments and snacks distributed

to all the market's visitors throughout the year. Additionally, Ooredoo Kuwait's sponsorship enabled the organizers to facilitate for entertainment segments throughout the market period with local artists and musicians.

### Jahzeen Training Program

Organized by the Manpower and Government Restructuring Program, Jahzeen is a training program that focuses on empowering fresh grads with the skill sets needed before they join the workforce in the private sector. The program accepted more than 400 students, and included seminars and internship opportunities in different organizations.

### Arab Mobile Challenge Training

Ooredoo participated in training applicants to the Arab Mobile Challenge, which kicked off in September 2015. Training included one-on-one coaching in participation with a third-party accelerator (Brilliant Lab). The competition took place in 3 phases in Dubai, Algiers and Barcelona.

# Accomplishments and Success



## Awards

Throughout 2015, Ooredoo Kuwait won recognition for numerous activities in a variety of fields, such as the prestigious Salem Al-Ali Al-Sabah Informatics Award, which was hosted in Bayan Palace under the patronage and attendance of HH the Emir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah. Ooredoo Kuwait's General Manager and CEO Sheikh Mohammed bin Abdullah Al Thani attended the ceremony along with high-ranking dignitaries. The event was attended by Bill Gates, who was invited for his support to youth and entrepreneur projects.

Ooredoo Kuwait won 3rd Place in the Social Media category, awarded for its contribution and interaction with its clients on social media channels.

Ooredoo's volunteer program, which was established in the summer of 2015, won a special award from the State Ministry of Youth Affairs for Ooredoo's full support to a youth volunteer initiative.

Additionally, Ooredoo's intranet won the Best Internal Communication tool in the Middle East, awarded by Middle East Public Relations Association (MEPRA) in Dubai.

The company's Ramadan television commercial won a number of awards, including the Creativity Award, at the annual event hosted by the Arab Media Forum, in addition to the Most Influential Brand, awarded by the same entity. The commercial was also awarded by Tasaweeq and Momayyazoon, two annual competitions that focus on Ramadan commercials and TV productions.

Ooredoo's call center won the Best Employee Incentive program by Insight Middle East. Ooredoo was among more than 100 companies in the Middle East that entered the award, and among the top 3 that have been nominated.



## Corporate Governance

Ooredoo Board of Directors and its different Managements are fully convinced that practicing the Corporate Governance contributes in maintaining and developing the Shareholders' rights, and leads to protect and improve them. Ooredoo considers that the proper Corporate Governance principles are the basics to build upon the investors' confidence, in addition to their importance to build the company's reputation and dedicate its attention to excellence and integrity.

### 1- The Role of the Board of Directors:

The Board of Directors is handling the task of supervision and strategic direction of the Company by reviewing and adopting the different policies, directly or through its Committees, with a view to ensuring compliance with specific standards to reduce the Company chances to risks. The Board of Directors has the whole powers and authorities to manage Ooredoo, and to continue working to achieve the main objective to maintain the Shareholders' rights, which will lead to achieve the Company's other objectives.

The Board of Directors has decided to take the necessary procedures to prepare the requirements of the Corporate Governance Rules under the supervision of the Capital Market Authority in accordance with the resolution No. (25) of 2013, and to amend the Company structure according to the Commercial Companies Law No. (25) of 2012.

All the requirements have been achieved by setting the necessary rules to realize the Corporate Governance objectives, such as enhancing the transparency, fair treatment, and strengthening supervision and auditing procedures, to reduce the cases of conflict of interests and to improve the professional conduct, as well as other rules that contribute to advancing the Company and achieving its targets.

The Board of Directors has approved the Charters of the Corporate Governance Committee, the Remunerations and Nominations Committee, the Audit and Risk Management Committee and the Executive Committee, and The Employees Manual of Ethics and Rules of Conducts, The Transparency, Disclosure and Conflict of Interests Policy Charter, The Procedures for reporting irregularities Charter, in addition to the amendment of the Company Article of Association in line with the Commercial Companies Law No. (25) Year 2012.

We are working on developing the Corporate Governance in accordance with the Capital Market Authority Resolution No.

(48) Year 2015 issued in the 30th of June 2015, which amended the Resolution No. (25) Year 2013 and set new Corporate Governance rules.

In this regard, the Board of Directors carried out duties and responsibilities including:

- Vision and Strategy: to define the Company's strategy, goals and its plans that are the base of all the Board resolutions.
- Supervising the Management: to appoint the Chief Executive Officer and the senior management, and to define their duties, responsibilities and the benefits that they are eligible for, in addition to selecting chairman of the board and the assigned committees.
- Financial issues and Investment: to review and approve the financial reports and accounts and to monitor the Company's financial situation.
- Communicate with the stakeholders: to supervise the shareholders' reports and to disclose the information according to the applicable laws and regulations.

### 2- The Formation of the Board of Directors:

The Board of Directors consists of seven members according to article (16) of The Company Article of Association, amended on the 28th of November 2012, elected by the General Assembly of the Shareholders, the Chairman and the Vice Chairman being elected by the Board Members through the secret voting as per Article (212) of the Companies Law.

The Company is adopting the principle of the separation of powers, as the Chairman is Sheikh/ Saud bin Nasser Al Thani and the CEO is Sheikh/ Mohamed bin Abdullah Al Thani.

### 3- Composition of the Board of Directors:

The Board of Directors consists of the following seven members:

- 1- Sh. Saud bin Nasser Al Thani - Chairman
- 2- Mr. Aziz Al-Othman Fakhroo - Vice Chairman
- 3- Mr. Fahad Othman Al-Saeed - Member
- 4- Mr. Bader Nasser Al-Humaidi - Member
- 5- Mr. Youssef Mohamed Al-Sumait - Member
- 6- Mr. Abdul Aziz Ibrahim Fakhroo - Member
- 7- Mr. Ahmed Ali Al Mohannadi - Member

### 4- The Board of Directors, Meetings:

The Board of Directors has its meetings regularly, not less than (6) meetings each fiscal year, according to the article no. (221) of the Commercial Companies Law No. (25) Year 2012. It is worth mentioning that during 2015, the Board of Directors had six meetings in addition to a workshop about the Corporate Governance.

### 5- The Board Members, Obligations:

Each Board Member is committed to loyalty, care and conducts mentioned in the related laws and regulations, in addition to the following tasks:

- A- Define the CEO authorities, competences, duties and responsibilities and evaluate his performance and reward him.
- B- Evaluate the Board Members' and the Committees' authorities, define and describe the way of practicing them.



C- Monitor the performance of the Senior Executive Management, review their plans and decide for their remunerations.

D- Check the suitability of the organizational and administrative structure and focus on the internal audit system.

E- Recommend the General Assembly of Shareholders in its annual meeting about appointing; reappointing or fire the External Auditors based on the Audit Committee recommendations.

#### 6- The Role and Duties of the Chairman of the Board of Directors:

The Chairman of the Board of Directors' main task is to lead the Board and to ensure working in a proper and effective way, in addition to the below tasks:

A- Represent the Company in front of others, communicate with them and report to the Board.

B- Chair the Board, the related Committees, and the AGM meetings, and run them to ensure that all the discussions are openly and professionally managed, so the participants can express their opinions.

C- Coordinate with the CEO, the Committees' Chairman and the Board Secretary to set the Schedule of the Board and Committees' meetings and the other important meetings.

D- Coordinate with the CEO to ensure that the Management will provide the required information to the Board of Directors.

E- Review the suitable timing of receiving the supportive documents of the Management suggestions and ensure the information availability to the Board.

F- Guide and improve the effectiveness of the Board and its members, and distribute tasks among them.

G- Review the Quarterly Financial Results of the Company in coordination with the CEO.

H- Ensure that the Company has friendly and productive relationship with the official and non-official Authorities, and with the different media channels.

I- Invite the Board of Directors to meet and create the meeting's agenda with considering the Board Members' suggestions. In all cases, the Chairman can authorize any other Board Member with some of his authorities.

#### 7- The Qualifications of the Board Secretary:

Based on a Board resolution, Dr. Fatena Abdelal Ahmed had been appointed as a Board Secretary, she has a PHD in International Law from Ain-Shams University year 2000. Before being hired for this position, she worked in the Company as the Head of the Legal Department from 2003 till 2010.

Mrs. Zahraa Al-Refaie had been appointed as her Assistant, she has a Masters Degree in the Administrative Sciences from Middle East University year 2013, and worked in many departments in the Company before being hired for her current position.

#### 8- The Board's Committees:

The Board of Directors has four main Committees, they are working to increase the effectiveness of the decision making process, these Committees are the Executive Committee, the Audit and Risk Management Committee, the Remunerations and Nominations Committee and the Corporate Governance Committee.

Each Committee has a charter approved by the Board of Directors, it clarifies its responsibilities, duties and authorities, each charter is complying with the rules of the Corporate Governance manual and the Commercial Companies Law No. (25) Year 2012.

A- Executive Committee:

This Committee takes all the operational decisions which come within its competences, recommends the Board of Directors about the operational and strategic issues which are beyond its authorities, monitors the Management implementation of the Company's strategies and investments plans, and evaluates the management performance.

The Committee's formation:

- 1- Sh. Saud bin Nasser Al Thani - Chairman
- 2- Mr. Aziz Al Othman Fakhroo - Vice Chairman
- 3- Mr. Bader Nasser Al-Humaidi - Member
- 4- Mr. Abdul Aziz Ibrahim Fakhroo - Member

B- Audit and Risk Management Committee:

This Committee reviews the Internal and external audit processes and makes reports about the audit related issues, helps the Board to handle his supervision responsibilities and issues the recommendations about the financial policies and appointing auditors.

The Committee's formation:

- 1- Mr. Aziz Al Othman Fakhroo - Chairman
- 2- Mr. Abdul Aziz Ibrahim Fakhroo - Vice Chairman
- 3- Mr. Fahad Othman Al-Saeed - Member
- 4- Mr. Youssef Mohamed Al-Sumait - Member

C- Nominations and Remunerations Committee:

This Committee appoints and evaluates the Executive Management's performance and puts the Human Resources Policies, and helps the Board to do his tasks and responsibilities regarding nominating and appointing the Board members, and deciding their remunerations and the Executive Management bonuses.

The Committee's formation:

- 1- Sh. Saud bin Nasser Al Thani - Chairman
- 2- Mr. Fahad Othman Al-Saeed - Vice Chairman
- 3- Mr. Ahmed Ali Al Mohannadi - Member

D- Corporate Governance Committee:

This Committee monitors the Company's commitment to the Corporate Governance rules, puts the policies and regulations that the Management will follow in accordance with the laws and local regulations and helps the Board to do its responsibilities in issuing the policies, and monitors the Company's performance in this regard.

The Committee's formation:

- 1- Mr. Bader Nasser Al-Humaidi - Chairman
- 2- Mr. Youssef Mohamed Al-Sumait - Vice Chairman
- 3- Mr. Abdul Aziz Ibrahim Fakhroo - Member

### 9- The Capital Structure:

The authorized, approved and totally paid capital as of the 31st of December 2015 is 504,033 thousands shares (in 2014: 504,033 thousands shares) in the value of 100 Fils per share which had been paid cash.

### 10- The Internal Audit,s Objectives:

The Internal Audit Department monitors the performance of the Executive Management, reviews the quarterly financial reports and provides consultancy services to the Executive Management to ensure that they are doing their responsibilities in accordance with the applicable standards, under the supervision of the Audit and Risk Management Committee. To grant the transparency and credibility, the Internal Audit Department investigates any matter or violation that any of the Management staff may commit, and according to a process, the results will be submitted to the Executive Management to take the appropriate action.

### 11- The Shareholders, Rights:

Ooredoo keeps the Shareholders' list in accordance with Article No. (8.1) Resolution No. (48) Year 2015 issued by the Capital Market Authority Commissioners, and any shareholder may see this list and get all the related information.

The Company keeps open and transparent communications channels with the Shareholders, and regularly releases the information through the website and other media channels.

### 12- The Availability of Information:

The Company provides for all Shareholders the right to see all the related information and releases through our Website and the annual reports which are available to all the Shareholders, in addition to allowing them to get all the information about the Board Members and their qualifications, their shares, their membership or chairmanship in other companies and the information about the Executive Management. And all these informations are available to the stakeholders.

### 13- The Disclosure,s Requirements:

The Company is committed to all the disclosing requirements and issues all the financial and audit reports accurately and transparently, including the financial statements and special releases. The management confirms that all the provided statements are accurate, true and non-misleading. And all the annual financial reports are according to the international applicable standards.

### 14- The Fair Treatment and Voting Rights:

Every Shareholder has the right to attend the General Meetings of the Shareholders, to vote for all the decisions and to document his reservations or objections about any decision, in accordance with the Commercial Companies Law.

### 15- The Policy of Cash Dividends:

Regarding the cash dividends policy, it is decided based on the achieved profits and according to the Board recommendation after the approval of the Annual General Meeting of Shareholders.

### 16- The Company,s Employees:

The Company has a number of employees of different experiences and qualifications; their tasks, responsibilities and rights are defined in the Human Resources Policy, this Policy is based on the Private Sector Labor Law No. (6) Year 2010 and had been approved by the Board of Directors.

### 17- The Company,s Achievements:

The Company provides unique services to its customers, and attracts new customers through improving the network and developing the services, in addition to providing new and varied offers to fulfill the customers' needs. Therefore the Company has launched some campaigns to enhance the relationship with the customers and signed many agreements and contracts to get the machineries and tools to achieve the operational plans and strategies.

The Company also applies its wise financial strategy in a safe and reasonable way, to maintain the Shareholders' rights and achieve satisfactory profits.

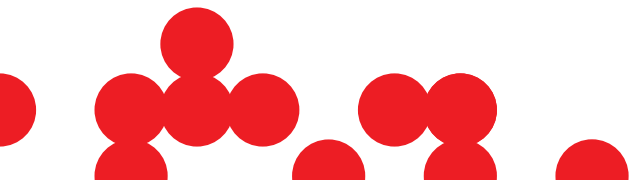




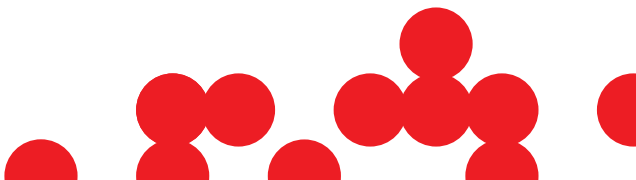
**NATIONAL MOBILE TELECOMMUNICATIONS  
COMPANY K.S.C.P. AND SUBSIDIARIES**



Consolidated Financial Statements and Independent Auditors’ Report  
for the year ended 31 December 2015



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## Independent Auditors' Report

**To the Shareholders of  
National Mobile Telecommunications Company K.S.C.P.  
State of Kuwait**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of National Mobile Telecommunications Company K.S.C.P. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management of the Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.


**PricewaterhouseCoopers**

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material aspects, the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

We further report that we obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Companies Law No. 1 of 2016 and the executive regulations of Law No. 25 of 2012, as amended, and the Company's Memorandum of Incorporation and Articles of Association. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognised procedures and the accounting information given in the Board of Directors' report agrees with the books of account. We have not become aware of any contravention, during the year ended 31 December 2015, of the Companies Law No. 1 of 2016 and the executive regulations of Law No. 25 of 2012, as amended, or of the Company's Memorandum of Incorporation and articles of association, that might have had a material effect on the Company's activities or on its consolidated financial position.

**Safi A. Al-Mutawa**

License No. 138 "A"  
of KPMG Safi Al-Mutawa & Partners  
Member firm of KPMG International

Kuwait: 28 February 2016

**Khalid Ibrahim Al-Shatti**

License No. 175 "A"  
PricewaterhouseCoopers  
(Al-Shatti and Co.)



## Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 KD 000's	2014 KD 000's
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	4	660,803	697,170
Intangible assets and goodwill	5	453,205	517,957
Available for sale financial assets	6	6,438	7,050
Deferred tax asset	7	2,046	2,649
Other non-current assets		295	357
		<u>1,122,787</u>	<u>1,225,183</u>
<b>Current assets</b>			
Inventories		34,874	34,838
Trade and other receivables	8	135,465	198,509
Bank balances and cash	9	114,428	89,399
		<u>284,767</u>	<u>322,746</u>
<b>Total assets</b>		<u>1,407,554</u>	<u>1,547,929</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	50,403	50,403
Treasury shares	11	(3,598)	(3,598)
Reserves	11	50,666	89,048
Retained earnings		589,815	601,088
<b>Equity attributable to shareholders of the Company</b>		<u>687,286</u>	<u>736,941</u>
Non-controlling interests		102,607	116,447
<b>Total equity</b>		<u>789,893</u>	<u>853,388</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term debts	12	126,775	62,394
Provision for staff indemnity		6,224	5,579
Other non-current liabilities		18,915	18,484
		<u>151,914</u>	<u>86,457</u>
<b>Current liabilities</b>			
Trade and other payables	13	355,628	447,391
Deferred income		42,422	43,153
Income tax payable		720	-
Long term debts	12	66,977	117,540
		<u>465,747</u>	<u>608,084</u>
<b>Total liabilities</b>		<u>617,661</u>	<u>694,541</u>
<b>Total equity and liabilities</b>		<u>1,407,554</u>	<u>1,547,929</u>



Saud Bin Nasser Al Thani  
Chairman

**ooredoo**  
مكتب الرئيس  
Chairman Office

The accompanying notes set out on pages 59 to 103 form an integral part of these consolidated financial statements.

## Consolidated statement of profit or loss

For the year ended 31 December 2015

	Note	2015 KD 000's	2014 KD 000's
Revenue		718,418	748,496
Operating expenses		(286,006)	(304,230)
Selling, general and administrative expenses		(199,730)	(218,109)
Finance costs - net	14	(12,288)	(7,695)
Depreciation and amortisation	4 & 5	(144,943)	(145,847)
Other expenses - net	15	(10,033)	(183)
Impairment loss	5	(16,708)	-
Gain on sale of subsidiary	10	-	3,628
<b>Profit before provision for Directors' remuneration, provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and taxation</b>		<u>48,710</u>	<u>76,060</u>
Provision for Directors' remuneration		(782)	(605)
Provision for contribution to KFAS, NLST and Zakat	17	(1,179)	(2,058)
<b>Profit before taxation</b>		<u>46,749</u>	<u>73,397</u>
Taxation related to subsidiaries	7	(12,404)	(19,667)
<b>Profit for the year</b>		<u>34,345</u>	<u>53,730</u>
Attributable to:			
Shareholders of the Company		26,671	45,718
Non-controlling interests		7,674	8,012
		<u>34,345</u>	<u>53,730</u>
<b>Basic and diluted earnings per share (fils)</b>	18	<u>53</u>	<u>91</u>

The accompanying notes set out on pages 59 to 103 form an integral part of these consolidated financial statements.

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 KD 000's	2014 KD 000's
<b>Profit for the year</b>	<b>34,345</b>	<b>53,730</b>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>		
Change in fair value of available for sale financial assets	(563)	(731)
Net loss on sale of available for sale financial assets transferred to the consolidated statement of profit or loss (note 15)	4	26
Exchange difference transferred to consolidated statement of profit or loss	-	685
Exchange differences arising on translation of foreign operations and fair value reserve	(51,196)	(61,224)
<i>Total items that are or may be reclassified subsequently to the consolidated statement of profit or loss</i>	<b>(51,755)</b>	<b>(61,244)</b>
<b>Other comprehensive loss for the year</b>	<b>(51,755)</b>	<b>(61,244)</b>
<b>Total comprehensive loss for the year</b>	<b>(17,410)</b>	<b>(7,514)</b>
<b>Attributable to:</b>		
Shareholders of the Company	(14,574)	(5,985)
Non-controlling interests	(2,836)	(1,529)
	<b>(17,410)</b>	<b>(7,514)</b>

The accompanying notes set out on pages 59 to 103 form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Reserves												Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Treasury shares reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Total reserves	Retained earnings				
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	
<b>Balance at 31 December 2013</b>	50,403	(3,598)	66,634	32,200	113,016	6,914	1,128	(87,391)	3,412	135,913	622,853	805,571	126,880	932,451	
<b>Comprehensive income</b>															
Profit for the year	-	-	-	-	-	-	-	-	-	-	45,718	45,718	8,012	53,730	
Other comprehensive loss for the year	-	-	-	-	-	-	(705)	(50,998)	-	(51,703)	-	(51,703)	(9,541)	(61,244)	
Total comprehensive loss for the year	-	-	-	-	-	-	(705)	(50,998)	-	(51,703)	45,718	(5,985)	(1,529)	(7,514)	
Dividends (note 11)	-	-	-	-	-	-	-	-	-	-	(62,645)	(62,645)	(8,904)	(71,549)	
Transfer to general reserve (note 11)	-	-	-	-	4,838	-	-	-	-	4,838	(4,838)	-	-	-	
<b>Balance at 31 December 2014</b>	50,403	(3,598)	66,634	32,200	117,854	6,914	423	(138,389)	3,412	89,048	601,088	736,941	116,447	853,388	
<b>Comprehensive income</b>															
Profit for the year	-	-	-	-	-	-	-	-	-	-	26,671	26,671	7,674	34,345	
Other comprehensive loss for the year	-	-	-	-	-	-	(559)	(40,686)	-	(41,245)	-	(41,245)	(10,510)	(51,755)	
Total comprehensive loss for the year	-	-	-	-	-	-	(559)	(40,686)	-	(41,245)	26,671	(14,574)	(2,836)	(17,410)	
Dividends (note 11)	-	-	-	-	-	-	-	-	-	-	(35,081)	(35,081)	(11,004)	(46,085)	
Transfer to general reserve (note 11)	-	-	-	-	2,863	-	-	-	-	2,863	(2,863)	-	-	-	
<b>Balance at 31 December 2015</b>	50,403	(3,598)	66,634	32,200	120,717	6,914	(136)	(179,075)	3,412	50,666	589,815	687,286	102,607	789,893	

The accompanying notes set out on pages 59 to 103 form an integral part of these consolidated financial statements.



## Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 KD 000's	2014 KD 000's
<b>Cash flows:</b>			
Profit for the year		34,345	53,730
<i>Adjustments for:</i>			
Depreciation and amortisation	4 & 5	144,943	145,847
Dividend income	15	(1)	(1)
Finance income	14	(740)	(1,543)
Loss on sale of available for sale financial assets		4	26
Impairment loss	5	16,708	-
Gain on sale of subsidiary	10	-	(3,628)
Provision for impairment of receivables	8	8,263	8,225
Taxation relating to subsidiaries	7	12,404	19,667
(Gain) / loss on disposal and write off of property and equipment and intangibles		(744)	1,247
Finance costs	14	13,028	9,238
Provision for KFAS, NLST and Zakat	17	1,179	2,058
Provision for staff indemnity		1,730	1,775
		231,119	236,641
<i>Changes in:</i>			
Trade and other receivables and other non-current assets		55,913	(36,311)
Inventories		(67)	(7,788)
Trade and other payables and other non-current liabilities		(100,472)	(47,007)
<b>Cash generated from operating activities</b>		<b>186,493</b>	<b>145,535</b>
Provision for staff indemnity paid		(1,132)	(1,588)
<b>Net cash generated from operating activities</b>		<b>185,361</b>	<b>143,947</b>
<b>Cash flows from investing activities:</b>			
Term deposits		(47,604)	12,263
Purchase of available for sale financial assets	6	-	(71)
Proceeds from sale of available for sale financial assets		41	981
Purchase of property and equipment	4	(135,109)	(165,293)
Proceeds from disposal of property and equipment		792	325
Purchase of intangible assets	5	(8,824)	(6,103)
Payment on disposal of a subsidiary	10	-	(6,044)
Dividend income received		1	1
Finance income received		740	1,543
<b>Net cash used in investing activities</b>		<b>(189,963)</b>	<b>(162,398)</b>
<b>Cash flows from financing activities:</b>			
Finance costs paid		(13,028)	(9,238)
Dividends paid		(34,975)	(61,784)
Dividend paid by subsidiary to non-controlling interests		(15,035)	(10,659)
Net increase in long term debts		26,118	41,997
<b>Net cash used in financing activities</b>		<b>(36,920)</b>	<b>(39,684)</b>
<b>Effect of foreign currency translation</b>		<b>18,947</b>	<b>2,623</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(22,575)</b>	<b>(55,512)</b>
Cash and cash equivalents at 1 January		82,357	137,869
<b>Cash and cash equivalents at 31 December</b>	9	<b>59,782</b>	<b>82,357</b>

The accompanying notes set out on pages 59 to 103 form an integral part of these consolidated financial statements.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 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 specialized companies and parties as well as authorizing the board to undertake the same; and
- The Company may have interest or in any way participate with corporate and organizations 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 subsidiary.

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 Qtel International Investments L.L.C (parent company) a subsidiary of Ooredoo Q.S.C. ("Ooredoo") (ultimate parent company), 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.

The number of employees of the Company at 31 December 2015 was 574 (2014: 681).

These consolidated financial statements were approved for issue by the Board of Directors of the Company on 18 February 2016 and are subject to the approval of the Annual General Assembly of the shareholders which has the power to amend these consolidated financial statements.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies

The principal accounting policies have been applied consistently by the Group and are consistent with those used in the previous year, with the exception of new accounting policies as set out in note 2 (c).

#### a. Basis of preparation

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. The management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

These consolidated financial statements have been prepared on historical cost basis except for the measurement of fair value of available for sale financial assets.

#### b. Statement of compliance

The consolidated financial statements have been prepared in accordance with the IFRS promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Committee of the IASB and the requirements of the Companies Law No.1 of 2016 and the executive regulations of Law No. 25 of 2012, as amended, and the Company's Memorandum of Incorporation and Articles of Association and Ministerial Order No. 18 of 1990.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016, cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012, the executive regulation of Law No. 25 of 2012 will continue until a new set of executive regulation is issued.

#### c. Revised and newly issued IFRS adopted by the Group

The Group has adopted the following revised and newly issued IFRS effective for annual periods beginning on or after 1 January 2015:

##### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Amendment)*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Company during the current period.

##### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### c. Revised and newly issued IFRS adopted by the Group (continued)

The Group does not apply the portfolio exception in IFRS 13.

##### *IFRS 8 Operating Segments (Amendment)*

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2015 and clarify that:

- The Group must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The above amendment did not impact the Group's operating segment disclosure.

##### *IAS 24 Related Party Disclosures (Amendment)*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Other amendments to IFRSs which are effective for accounting period starting from 1 January 2015 did not have any significant impact on the accounting policies, financial position or performance for the Group.

#### d. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt those standards when they become effective.

##### *IAS 16 (Amendments) – Clarification of Acceptable Methods of Depreciation*

The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The effective date of the amendment is 1 January 2016.

##### *IFRS 15 – Revenue from Contracts with Customers*

IFRS 15 specifies how and when an entity recognises revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard was issued in May 2014 and applies to annual financial statements beginning on or after 1 January 2018. The Group is in the process of evaluating the effect of IFRS 15 on the Group, when adopted.

##### *IFRS 9 – Financial Instruments*

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities.



## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### d. Standards and interpretations not yet effective or adopted (continued)

The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the company's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of quantifying the impact of this standard on the Group's financial statements, when adopted.

##### *Amendments to IAS 1 Disclosure Initiative*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and Other Comprehensive Income ("OCI") and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Other amendments to IFRSs which are issued but not yet effective did not have any significant impact on the accounting policies, financial position or performance for the Group.

#### e. Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries (note 16).

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions are also eliminated. Accounting

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### e. Basis of consolidation (continued)

policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the net assets (excluding goodwill) of consolidated subsidiaries not attributable directly, or indirectly, to the equity holders of the Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

##### *Loss of control*

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted or as an available for sale financial asset depending on the level of influence retained.

##### *Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognised immediately in the consolidated statement of profit or loss.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### e. Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in the consolidated statement of profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit or loss or in the consolidated statement of comprehensive income.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

##### *Acquisitions of non-controlling interests*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Transactions with non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

#### f. Foreign currency

##### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the Group's presentation currency, rounded off to the nearest thousand.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### f. Foreign currency (continued)

cost are recognised in the consolidated statement of profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

##### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Kuwaiti Dinar at exchange rates prevailing at the reporting date. Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in this case income and expenses are translated at the rate on the dates of the transactions).

Foreign currency differences are recognized in the consolidated statement of comprehensive income and presented in the foreign currency translation reserve in the consolidated statement of changes in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant portion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in the consolidated statement of comprehensive income, and presented in foreign currency translation reserve in the consolidated statement of changes in equity.

#### g. Financial instruments

##### *i) Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the following categories:

- loans and receivables; and
- available for sale financial assets



## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### g. Financial instruments (continued)

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents and trade and other receivables.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise of cash balances and deposits with original maturities of three months or less from the date of placement less bank overdrafts. The call deposits are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

##### *Available for sale financial assets*

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of other categories of financial assets.

Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in the consolidated statement of changes in equity. When an investment is derecognised, the gain or loss accumulated in the consolidated statement of changes in equity is reclassified to the consolidated statement of profit or loss.

Available for sale financial assets comprise of equity securities and debt securities.

##### *iii) Non-derivative financial liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially at the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise of trade and other payables, term debts and other non-current liabilities.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### g. Financial instruments (continued)

are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the financial position date (or in the normal operating cycle of the business if longer), otherwise, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

#### h. Inventories

Inventories are stated at the lower of purchase cost and net realisable value using the weighted average method after making allowance for any slow moving and obsolete items. Purchase cost includes the purchase price, import duties, transportation, handling and other direct costs except for borrowing costs. Net realisable value represents the estimated selling price less all estimated selling costs.

#### i. Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use.

Depreciation is calculated based on the estimated useful lives of the applicable assets (note 4) on a straight-line basis commencing when the assets are ready for their intended use.

Property and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on prospective basis.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repair and maintenance are expensed as incurred.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### j. Leases (continued)

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of profit or loss.

#### j. Leases

##### *Leased assets*

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

##### *Lease payments*

Payments made under operating leases are recognised in the consolidated statement of profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

#### k. Intangible assets

Identifiable non-monetary assets without physical substance acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets consist of GSM license fees paid by the subsidiaries, brand name, customer relationships, concession arrangements,

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### k. Intangible assets (continued)

softwares and goodwill arising on the acquisition of subsidiaries. Intangible assets with definite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Cost includes the purchase cost and directly associated costs of being the asset for its intended use.

The GSM license fee, brand name, customer relationships and concession intangible assets are being amortised on a straight-line basis over their useful lives. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill is not amortised, but is reviewed for impairment at least annually. Any impairment loss is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Amortization is calculated based on the estimated useful lives of the applicable intangible assets on a straight-line basis (note 5).

#### l. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### m. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

#### n. Impairment

##### *i) Non-derivative financial assets*

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise,

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### n. Impairment (continued)

indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in available for sale equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

##### *Financial assets measured at amortised cost*

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account against loans and receivables.

Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

##### *Available for sale financial assets*

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the consolidated statement of profit or loss.

The cumulative loss that is reclassified from the consolidated statement of changes in equity to the consolidated statement of profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the consolidated statement of profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in the consolidated statement of profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in the other comprehensive income.

##### *ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### n. Impairment (continued)

each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to the present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups at CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the consolidated statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### o. Term debt

Term debt is recognised initially at fair value, net of transaction costs incurred. Term debt is subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the debt using the effective interest method.

#### p. Provision for staff indemnity

The provision for staff indemnity is payable on completion of employment. The provision is calculated in accordance with applicable labour law based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits. With respect to its Kuwaiti employees, the Group makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due. The Group expects this method to produce a reliable approximation of the present value of the obligations.

#### q. Treasury shares

Treasury shares consist of the Company's own shares that have been issued, subsequently reacquired and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra account in the consolidated statement of changes in equity. When treasury shares are reissued, gains are credited to a



## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### q. Treasury shares (continued)

separate account in the consolidated statement of changes in equity, which is not distributable.

Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

#### r. Revenue recognition

Revenue represents the fair value of the consideration received or receivable for communication services and equipment sales net of discounts and sales tax. Revenue from rendering of services and sale of equipment is recognised when it is probable that the economic benefits associated with the transaction shall flow to the Group and the amount of revenue and the associated costs can be reliably measured.

The Group principally obtains revenue from providing telecommunication services comprising access charges, airtime usage, messaging, interconnect fee, data services and infrastructure provision, connection fees, equipment sales and other related services.

The specific revenue recognition criteria applied to significant elements of revenue is set out below:

##### *Revenue from rendering of services*

Revenue from access charges, airtime usage and messaging by contract customers is recognised as services are performed with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue arising from separable installation and connection services is recognised when it is earned. Subscription fee is recognised as revenue as the services are provided.

##### *Interconnection, roaming and post-paid revenue*

Revenue from interconnection and roaming services provided to other telecom operators, as well as post-paid services provided to subscribers are generally billed on a monthly basis and are recognised based on actual usage, applying contractual rates, net of estimated discounts.

##### *Sales of prepaid cards*

Sale of prepaid cards is recognised as revenue based on the actual utilisation of the prepaid cards sold. Sales relating to unutilised prepaid cards are accounted for as deferred income. Deferred income related to unused prepaid cards is recognised as revenue when utilised by the customer or upon termination of the customer relationship.

##### *Sales of equipment*

Revenue from sales of peripheral and other equipment is recognised when the significant risks and rewards of ownership are transferred to the buyer which is normally when the equipment is delivered and accepted by the customer.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### r. Revenue recognition (continued)

##### *Multiple element arrangements*

In revenue arrangements including more than one deliverable that have value to a customer on standalone basis, the arrangement consideration is allocated to each deliverable based on the consideration received from the individual elements. The cost of elements is immediately recognised in profit or loss.

##### *Other income*

Other income represents income generated by the Group that arises from activities outside of the provision for communication services and equipment sales. Key components of other income are:

- Interest income  
Interest income is recognised on an accrual basis using effective interest rate method.
- Dividend income  
Dividend income is recognised when the Group's right to receive dividend is established.

#### s. Customer loyalty program

The Group has implemented a customer loyalty program, whereby the subscribers may earn loyalty points that are redeemable in the form of discounts against the purchase price of handsets or credits for free service usage as well as vouchers to be utilised at third parties. The Group records the loyalty program in accordance with IFRIC 13 since the inception of the program, and therefore maintains a deferred revenue balance for the fair value of loyalty points earned and not yet redeemed.

Deferred revenue is released to revenue when loyalty points are redeemed or when it is no longer considered probable that the loyalty points will be redeemed.

#### t. Taxation

Certain subsidiaries are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the financial position date.

##### *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements of the relevant subsidiaries and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 2. Basis of preparation and significant accounting policies (continued)

#### t. Taxation (continued)

be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### u. Zakat, KFAS and NLST

Zakat, contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labour Support Tax (NLST) represent levies/taxes imposed on the Company at the flat percentage of net profits attributable to the Company less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait.

Tax / statutory levy	Rate
Contribution to KFAS	1.0% of net profit less permitted deductions
NLST	2.5% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions

#### v. Finance costs

Finance costs representing interest expense on interest-bearing financial liabilities are calculated on an accrual basis and are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

#### w. Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

##### *Classification of investments*

On acquisition of an investment, the Group decides whether it should be classified as "financial assets at fair value through profit or loss" or "available for sale". The Group follows the guidance of IAS 39 on classifying its investments.

##### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team of Ultimate Parent Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques (refer note 24).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 3. Critical accounting judgements and key sources of estimation uncertainty (continued) Critical judgements in applying accounting policies (continued)

during which the change has occurred.

#### *Impairment of investments*

The Group treats available for sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and discount factors for unquoted investments. The Group has not recorded any impairment loss on value of available for sale financial assets during the years ended 31 December 2015 and 2014.

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Fair value of unquoted equity investments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group uses different valuation techniques for various available for sale financial assets that are not traded in active markets.

#### *Impairment of non-financial assets and useful lives*

The Group's management tests annually whether non-financial assets have suffered impairment in accordance with the accounting policies stated in note 2. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives and the related depreciation and amortisation charge.

The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

#### *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The cash flows are derived from the budget for the next 10 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested, but do include the Group's expectation of future capital expenditure necessary to maintain the Group's existing operations. The input factors most sensitive to change are management estimates

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 3. Critical accounting judgements and key sources of estimation uncertainty (continued) Key sources of estimation uncertainty (continued)

of future cash flows based on budgets, growth rates and discount rate. Further details on these assumptions are disclosed in note 5 along with the related sensitivities.

#### *Impairment of receivables*

The impairment charge reflects estimates of losses arising from the failure or inability of the parties concerned to make the required payments.

At the date of financial position, gross trade and billing and other receivables were KD 141,133 thousand (2014: KD 138,200 thousand), and the allowance for doubtful debts was KD 52,691 thousand (2014: KD 46,213 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

#### *Impairment of inventories*

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. As at the reporting date, gross inventory was KD 35,754 thousand (2014: KD 35,396 thousand) and provision for obsolete inventory items was KD 880 thousand (2014: KD 558 thousand).

#### *Deferred tax*

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Were the actual final outcome (on the judgement areas) of expected cash flows to differ by 10% from management's estimates, the Group would need to increase the income tax liability by KD 1,188 thousand (2014: KD 2,089 thousand) and the deferred tax liability by KD 53 thousand (2014: KD 122 thousand) if unfavorable or decrease the income tax liability by KD 1,188 thousand (2014: KD 2,089 thousand) and the deferred tax liability by KD 53 thousand (2014: KD 122 thousand), if favorable.



## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 4. Property and equipment

	Network equipment KD 000's	Network infrastructure KD 000's	Office & computer equipment KD 000's	Lease hold land, furniture, fixtures and others KD 000's	Capital work-in progress KD 000's	Total KD 000's
<b>Cost</b>						
Balance at 1 January 2014	655,268	258,455	38,656	34,119	192,273	1,178,771
Transfers	48,392	33,124	2,177	6,114	(91,826)	(2,019)
Additions	112,548	35,329	7,614	6,509	3,293	165,293
Disposals	(10,041)	(490)	(385)	(2,698)	(12)	(13,626)
Currency translation effects	(24,254)	(15,478)	(2,326)	(1,748)	(9,741)	(53,547)
<b>Balance at 31 December 2014</b>	<b>781,913</b>	<b>310,940</b>	<b>45,736</b>	<b>42,296</b>	<b>93,987</b>	<b>1,274,872</b>
Transfers	33,551	2,243	2,211	320	(38,970)	(645)
Additions	68,905	21,983	4,142	3,692	36,387	135,109
Disposals	(33,259)	(160)	(276)	(170)	(1)	(33,866)
Currency translation effects	(51,121)	(34,832)	(4,328)	(3,860)	(10,206)	(104,347)
<b>Balance at 31 December 2015</b>	<b>799,989</b>	<b>300,174</b>	<b>47,485</b>	<b>42,278</b>	<b>81,197</b>	<b>1,271,123</b>
<b>Accumulated depreciation and impairment</b>						
Balance at 1 January 2014	324,724	124,501	29,168	20,648	-	499,041
Transfers	(147)	102	12	42	-	9
Charge for the year	73,659	29,461	6,305	4,525	-	113,950
Related to disposals	(9,257)	(318)	(373)	(2,106)	-	(12,054)
Currency translation effects	(10,731)	(9,549)	(1,819)	(1,145)	-	(23,244)
<b>Balance at 31 December 2014</b>	<b>378,248</b>	<b>144,197</b>	<b>33,293</b>	<b>21,964</b>	<b>-</b>	<b>577,702</b>
Transfers	(1)	-	-	-	-	(1)
Charge for the year	76,697	27,026	6,376	4,988	-	115,087
Related to disposals	(32,969)	(75)	(273)	(158)	-	(33,475)
Impairment loss	136	-	-	-	-	136
Currency translation effects	(23,947)	(19,780)	(3,084)	(2,318)	-	(49,129)
<b>Balance at 31 December 2015</b>	<b>398,164</b>	<b>151,368</b>	<b>36,312</b>	<b>24,476</b>	<b>-</b>	<b>610,320</b>
<b>Carrying amounts:</b>						
At 31 December 2014	403,665	166,743	12,443	20,332	93,987	697,170
At 31 December 2015	401,825	148,806	11,173	17,802	81,197	660,803
Annual depreciation rates	12.5%-16.67%	5% - 15%	33.33%	12.5 - 20%		

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 4. Property and equipment (continued)

Property and equipment of Wataniya Palestine Mobile Telecom Limited (WPT) totalling to KD 18,827 thousand are under registered mortgage to secure certain bank loans (2014: Ooredoo Tunisie S.A. and Wataniya Palestine Mobile Telecom Limited totalling to KD 147,148 thousand) (note 12).

Certain assets classified under leasehold land, furniture, fixtures and others amounting to KD 206 thousand (2014: KD 500 thousand) were acquired under finance lease agreements for which the current portion of the respective obligations amounting to KD 164 thousand (2014: KD 296 thousand) is included under trade and other payables and the non-current portion from 1 to 5 years amounting to KD 42 thousand (2014: KD 204 thousand) is included under non-current liabilities. In addition, the Group is upgrading its networks in several locations for which part of the related assets are included within inventories pending the transfer to capital work in progress.

### 5. Intangible assets and goodwill

	Goodwill KD 000's	License and other intangible assets KD 000's	Brand names KD 000's	Total KD 000's
<b>Cost</b>				
Balance at 1 January 2014	275,142	461,040	13,826	750,008
Transfers	-	2,019	-	2,019
Additions	-	6,103	-	6,103
Currency translation effects	(23,609)	(29,266)	(1,187)	(54,062)
<b>Balance at 31 December 2014</b>	<b>251,533</b>	<b>439,896</b>	<b>12,639</b>	<b>704,068</b>
Transfers	-	645	-	645
Additions	-	8,824	-	8,824
Disposals	-	(81)	-	(81)
Currency translation effects	(13,100)	(33,215)	(659)	(46,974)
<b>Balance at 31 December 2015</b>	<b>238,433</b>	<b>416,069</b>	<b>11,980</b>	<b>666,482</b>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 January 2014	135	159,186	6,913	166,234
Transfers	-	(9)	-	(9)
Charge for the year	-	29,642	2,255	31,897
Currency translation effects	(11)	(11,258)	(742)	(12,011)
<b>Balance at 31 December 2014</b>	<b>124</b>	<b>177,561</b>	<b>8,426</b>	<b>186,111</b>
Transfers	-	1	-	1
Related to disposals	-	(81)	-	(81)
Charge for the year	-	25,581	4,139	29,720
Impairment Loss	16,708	-	-	16,708
Currency translation effects	(16)	(18,581)	(585)	(19,182)
<b>Balance at 31 December 2015</b>	<b>16,816</b>	<b>184,481</b>	<b>11,980</b>	<b>213,277</b>
<b>Carrying amounts</b>				
At 31 December 2014	251,409	262,335	4,213	517,957
At 31 December 2015	221,617	231,588	-	453,205
Amortisation rate	-	4% to 30%	16.67%	

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 5. Intangible assets and goodwill (continued)

During the year, the group reviewed the useful life of its brand names pertaining to its cash generating unit, Ooredoo Tunisie S.A. and fully amortised the remaining balance. This was considered a change in accounting estimate accounted for prospectively. The effect of this change for the year ended 31 December 2015, resulted in an increase of amortisation expenses by KD 2,069 thousand.

Goodwill is allocated to one of the Group's cash generating units (CGU) which is the Group's 75% owned subsidiary, Ooredoo Tunisie S.A. The estimated recoverable amount of the CGU was lower than its carrying amount by KD 16,708 thousand which was recorded as an impairment loss (2014: estimated recoverable amount of the CGU exceeded the carrying amount by KD 3,874 thousand).

The recoverable amount of this CGU was based on its value in use, estimated by discounting the future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of value in use were as follows:

	2015	2014
	%	%
Discount rate	11.29	11.05
Terminal growth rate	2.75	2.75
Projected EBITDA growth rate (average of next ten years)	5.1	3.84

The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a projected debt leveraging of 50% and a weighted average cost of debt of 4.46%.

The cash flow projections included specific estimates for three years, as approved by the board of directors of the CGU, and management extrapolation thereafter. The compound annual growth rate in revenue is estimated to be 3.86% (2014: 3.78%). The terminal growth rate was determined based on management's estimate of the long-term growth in the sector, consistent with the assumptions that a market participant would make. Projected EBITDA was assumed by management using historical profitability margins and the projected growth in revenue based on the standard model prepared on 10 year time period which is consistent with the Group's long term plans for all subsidiaries.

The changes in the following table to key assumptions used in the estimation of value in use, in isolation, would lead to impairment loss for the year ended 31 December 2015 and 2014 as follows:

		2015		2014
		Increase in		Resulting
		impairment		impairment
	%	KD 000's	%	KD 000's
Discount rate	+ 0.5	21,036	+ 0.5	21,571
Terminal growth rate	-0.75	15,646	-0.75	15,355
Annual revenue projections	-5.0	22,319	-5.0	21,806

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 6. Available for sale financial assets

	2015	2014
	KD 000's	KD 000's
Listed equity securities	316	328
Unlisted equity securities	6,122	6,722
	<u>6,438</u>	<u>7,050</u>

Movement in available for sale financial assets is as follows:

	2015	2014
	KD 000's	KD 000's
Balance at beginning of the year	7,050	8,691
Additions	-	71
Disposals	(45)	(1,007)
Net unrealised loss	(559)	(705)
Forex difference	(8)	-
Balance at end of the year	<u>6,438</u>	<u>7,050</u>

At 31 December 2015, unlisted equity investments with a net amount of KD 2,149 thousand (2014: KD 2,178 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.

At 31 December 2015, available for sale financial assets amounting to KD 6,266 thousand (2014: KD 6,871 thousand), KD 23 thousand (2014: KD 23 thousand) and KD 149 thousand (2014: KD 156 thousand) are denominated in Kuwaiti Dinars, US Dollars and Tunisian Dinars respectively.

### 7. Taxation relating to subsidiaries

The income tax represents amounts recognised by subsidiary companies.

The major components of the income tax expense are as follows:

	2015	2014
	KD 000's	KD 000's
<b>Current tax</b>		
Current income tax charge	11,876	20,887
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	528	(1,220)
<b>Income tax included in the consolidated statement of profit or loss</b>	<u>12,404</u>	<u>19,667</u>

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 7. Taxation relating to subsidiaries (continued)

The Company is not subject to income tax in the state of Kuwait. The effective tax rate applicable to the taxable subsidiary companies is 19.46% (2014: 35%). For the purpose of determining the taxable results for the year, the accounting profit of the subsidiaries is adjusted for tax purposes. Adjustments for tax purposes included items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices of each subsidiaries jurisdiction. In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits together with the details of the effective tax rates. As a result, the reconciliation includes only the identifiable major reconciling items.

The reconciliation between tax expense and the product of accounting profit multiplied by the Group's effective tax rate is as follows:

	2015 KD 000's	2014 KD 000's
Accounting consolidated profit before tax	46,749	73,397
Company and its subsidiaries that are not subject to corporate income tax	(19,097)	(29,842)
<b>Accounting profit of subsidiaries that are subject to corporate income tax</b>	<b>27,652</b>	<b>43,555</b>
<b>Add:</b>		
Allowances, accruals and other temporary differences	5,235	1,231
Expenses and income that are not subject to corporate tax	33,050	8,583
<b>(Deduct) / add:</b>		
Depreciation -net	(407)	-
Unutilised tax gains brought forward	(4,503)	6,307
<b>Taxable profit of subsidiaries that are subject to corporate income tax</b>	<b>61,027</b>	<b>59,676</b>
Current income tax charge at the effective income tax rate of 19.46% (2014: 35%)	11,876	20,887
Current income tax charge	11,876	20,887

#### Deferred tax

The deferred tax asset of KD 2,046 thousand as at 31 December 2015 (2014: KD 2,649 thousand) has been recognised on account of accumulated tax losses incurred by the subsidiaries, Ooredoo Maldives Private Limited and Ooredoo Tunisie S.A., which are expected to be deductible against taxable profits in the foreseeable future.

Movement in deferred tax asset during the year:

	2015 KD 000's	2014 KD 000's
Opening balance	2,649	1,567
Charged to the consolidated statement of profit or loss	(528)	1,220
Foreign exchange differences	(75)	(138)
Closing balance	2,046	2,649

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 8. Trade and other receivables

	2015 KD 000's	2014 KD 000's
Trade and billing receivables	122,812	118,655
Unbilled revenue	8,065	5,157
Advances and prepayments	38,029	100,615
Interest receivable	930	750
Other receivables	18,320	19,545
	188,156	244,722
Less: allowance for doubtful debts	(52,691)	(46,213)
	135,465	198,509

Advances and prepayments include advance payments to suppliers amounting to KD 18,584 thousand (2014: KD 81,567 thousand).

Movement in the allowance for doubtful debts is as follows:

	2015 KD 000's	2014 KD 000's
Balance at beginning of the year	46,213	42,069
Charge for the year (included under selling, general and administrative expenses)	8,263	8,225
Amounts written off as uncollectible	(198)	(3,130)
Amount recovered during the year	(516)	-
Foreign exchange differences	(1,071)	(951)
Balance at end of the year	52,691	46,213

Ageing of unimpaired trade receivables is as follows:

	Total KD 000's	Neither past due nor impaired KD 000's	Past due not impaired			
			< 30 days KD 000's	30 – 60 days KD 000's	60 – 90 days KD 000's	> 90 days KD 000's
2015	70,121	40,473	12,083	7,668	3,698	6,199
2014	72,442	34,619	9,475	4,663	6,378	17,307

The estimated fair value of trade receivables at the reporting date is not significantly different from their carrying value.



## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 9. Bank balances and cash

	2015 KD 000's	2014 KD 000's
Cash and bank balances	57,262	57,444
Deposits	57,166	31,955
Bank balances and cash in the consolidated statement of financial position	114,428	89,399
Deposits with original maturities of three months or more	(54,646)	(7,042)
Cash and cash equivalents in the consolidated statement of cash flows	59,782	82,357

The effective interest rate on interest-earning deposits ranged from 1.75% to 6.9% (2014: 1.75% to 7.5%) per annum. Cash and bank balances include KD 50 thousand (2014: KD 32 thousand) held as part of a managed portfolio.

Included in deposits with original maturities of three months or more is an amount of KD 7 thousand (2014: KD 7 thousand) restricted in accordance with subsidiary's syndicated loan agreement (refer to note 12).

### 10. Assets and liabilities of disposal group classified as held for sale

During 2013, the management of the Group committed to a plan to sell all the equity interest in Public Telecommunications Company Ltd. (PTC) and the final negotiations for the sale were in progress during the previous year. The settlement agreement addendum was signed on 20 January 2014 and the legal formalities relating to the transfer of shares have been completed.

Subsequent to reaching a sale agreement and for the purpose of concluding the sale, the buyer waived certain liabilities due from PTC amounting to KD 13,970 thousand resulting in an increase in PTC's net assets at the date of disposal to KD 4,312 thousand. Additionally, a consideration of KD 6,044 thousand was paid to the buyer by the Group as part of the settlement agreement. Accordingly, the disposal transaction, after considering the waiver of liabilities, the results up to the date of disposal as well as the consideration paid by the Group, has resulted in a gain of KD 3,628 thousand.

### 11. Equity

#### a. Share capital

The authorised, issued and fully paid up share capital as at 31 December 2015 consists of 504,033 thousand shares (2014: 504,033 thousand shares) of 100 fils each contributed in cash.

#### b. Treasury shares

	2015	2014
Number of shares (000's)	2,871	2,871
Percentage of issued shares	0.57%	0.57%
Cost (KD 000's)	3,598	3,598
Market value (KD 000's)	3,158	4,019

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 11. Equity (continued)

#### c. Statutory reserve

In accordance with the Companies Law No. 1 of 2016 and the executive regulations of Law No. 25 of 2012, as amended and the Company's Articles of Association, 10% of profit for the year attributable to shareholders of the Company before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to a statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution except for the amount in excess of 50% of share capital or payment of a dividend of 5% of paid up share capital in years when retained earnings are not sufficient for the payment of such dividends. The Company has discontinued further transfers to statutory reserve as it has exceeded 50% of the authorised, issued and fully paid up share capital.

#### d. General reserve

In accordance with the Company's Articles of Association, 10% of profit for the year attributable to shareholders of the Company before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to the general reserve until the shareholders decide to discontinue the transfer to the general reserve. During the current year, an amount of KD 2,863 thousand has been transferred to general reserve (2014: KD 4,838 thousand).

#### e. Proposed dividends

The Board of Directors proposed a cash dividend of 100 fils per share for the year ended 31 December 2015 (2014: 70 fils per share). This proposal is subject to the approval of the shareholders in the Annual General Assembly and has not been accounted for in these consolidated financial statements.

The Annual General Assembly of the Company, held on 26 March 2015, approved the consolidated financial statements of the Group for the year ended 31 December 2014 and the payment of cash dividend of 70 fils per share for the year ended 31 December 2014 (2013: cash dividend of 125 fils per share) to the Company's shareholders existing as at 26 March 2015.

### 12. Long term debts

	Current		Non-current	
	2015 KD 000's	2014 KD 000's	2015 KD 000's	2014 KD 000's
Due to local banks	-	39,100	-	-
Due to local banks related to subsidiaries	63,063	77,121	114,402	54,747
Due to foreign banks	3,914	1,319	12,373	7,647
	66,977	117,540	126,775	62,394

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 12. Long term debts (continued)

The details of long term debts are as follows:

Description	2015 KD 000's	2014 KD 000's
a. The loans bear interest rates between 4.5% to 6% per annum and LIBOR plus 3% per annum (2014: 5% per annum and LIBOR plus 3% per annum). The repayment term is made in installments varying over a period from December 2005 up to September 2020. These loans are not secured by any pledge by Wataniya Telecom Algeria S.P.A. ("WTA"), but are subject to various obligations and financial covenants over the term of those debts.	127,522	66,751
b. The loans bear annual interest rates ranging from LIBOR plus 5% to 5.85% per annum (2014: LIBOR plus 5% to 5.85% per annum) and are repayable in semiannual installments commencing 15 January 2011 and ending 15 January 2019. These loans are secured by Wataniya Palestine Mobile Telecom Limited ("WPT")'s assets.	20,922	22,902
c. The loans bear annual interest rates of 1% to 2% per annum over the Central Bank of Kuwait discount rate in 2014. These loans are repaid and were partially secured by promissory notes signed by the Company as a guarantee for the loan.	-	39,100
d. The loan bears floating interest rate indexed to the average monthly monetary rate published by the Central Bank of Tunisia plus 1.1% to 1.5% margin (2014 Central Bank of Tunisia plus 1.1% to 1.5%). The installments of principal and interest are payable quarterly, the first installment in principal is paid in September 2014, the first installment in interest is paid in December 2013, the last installment is payable on June 30, 2020. The loan arrangements contain financial covenants to be tested on an annual basis, including the Net Debt to EBITDA ratio and the Debt Service Coverage ratio, as defined in the agreements. In addition, the lenders may declare the loans repayable in full upon failure to comply with various positive and negative covenants, change in control, revocation or adverse modification of the GSM license, prolonged suspension of the network operation, and other materially adverse events.	41,396	48,282
e. The loans bear an interest rates of 1 month US\$ LIBOR plus 4.6% per annum and an interest rate of overnight US\$ LIBOR plus 5.5% & US\$ 6% per annum (2014: 3 month US\$ LIBOR plus 2% per annum and an interest rate of overnight US\$ LIBOR plus 5.5% & US\$ 6% per annum). The loans are repayable within 10 quarterly installments and 36 equal monthly installments respectively with accrued interest (2014: 30 equal monthly installments). The facility is secured by Ooredoo Maldives Private Limited ("OMPL" previously "WTM")s fixed deposits.	3,912	2,899
	<u>193,752</u>	<u>179,934</u>

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 13. Trade and other payables

	2015 KD 000's	2014 KD 000's
Accruals	172,824	234,961
Trade payables	79,410	105,503
Amounts due to related parties (note 19)	41,611	33,065
Other tax payable	14,485	20,114
Staff payable	13,485	13,266
Dividends payable	10,320	14,245
Other payables	23,493	26,237
	<u>355,628</u>	<u>447,391</u>

The Group has adequate financial risk management policies in place to ensure that all payables are paid within the specified credit time frame (note 22).

### 14. Finance costs - net

	2015 KD 000's	2014 KD 000's
Finance income	740	1,543
Finance costs	(13,028)	(9,238)
	<u>(12,288)</u>	<u>(7,695)</u>

### 15. Other expenses - net

	2015 KD 000's	2014 KD 000's
Gain on upgrade of network equipment	3,268	-
Write off of network equipment	(3,268)	-
Dividend income	1	1
Exchange loss	(13,197)	(8,215)
Other operating income - net	3,167	8,057
Loss on sale of available for sale financial assets (note 6)	(4)	(26)
	<u>(10,033)</u>	<u>(183)</u>

As of 31 December 2015, other operating income - net include provision no longer required amounting to KD 3,789 thousand (2014: KD 8,907 thousand).

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 16. Subsidiaries and non-controlling interests

Significant subsidiaries of the Company are as follows:

Name of subsidiaries	Country of incorporation	Voting capital held 2015	Voting capital held 2014
Wataniya Telecom Algerie S.P.A. (WTA)	Algeria	71%	71%
Wataniya International FZ – L.L.C. (WTI)	U.A.E	100%	100%
Ooredoo Maldives Private Limited (subsidiary of WTI)	Maldives	100%	100%
WARF Telecom International Private Limited (WARF) (subsidiary of WTM)	Maldives	65%	65%
Wataniya Palestine Mobile Telecom Limited (WPMT) (subsidiary of WTI)	Palestine	48.45%	48.45%
Al-Bahar United General Trading and Contracting Company W.L.L.	Kuwait	99%	99%
Ooredoo Tunisie S.A.	Tunisia	75%	75%
Ooredoo Consortium Ltd	Malta	100%	100%
Ooredoo Tunisia Holding Company Ltd	Malta	100%	100%

The following table summarizes the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations:

	WTA KD'000's	WPT KD'000's	Ooredoo Tunisie S.A. KD'000's
<b>31 December 2015</b>			
Non-current assets	353,764	61,770	163,607
Current assets	93,562	12,795	38,837
Non-current liabilities	(86,206)	(31,666)	(28,248)
Current liabilities	(206,535)	(21,744)	(98,109)
<b>Net assets</b>	<b>154,585</b>	<b>21,155</b>	<b>76,087</b>
Carrying amount of NCI	44,830	10,905	19,022
Revenue	332,476	25,051	148,987
Profit / (loss)	20,407	(1,529)	12,095
<b>Total comprehensive income / (loss)</b>	<b>20,407</b>	<b>(1,529)</b>	<b>12,095</b>
Profit / (loss) allocated to NCI	5,918	(788)	3,024
Cash flows from operating activities	115,104	2,893	39,653
Cash flows used in investing activities	(74,851)	(1,314)	(28,720)
Cash flows from / (used in) financing activities	7,049	(4,890)	(38,344)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>47,302</b>	<b>(3,311)</b>	<b>(27,411)</b>

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 16. Subsidiaries and non-controlling interests (continued)

	WTA KD'000's	WPT KD'000's	Ooredoo Tunisie S.A. KD'000's
<b>31 December 2014</b>			
Non-current assets	406,823	61,628	177,443
Current assets	159,550	16,428	66,240
Non-current liabilities	(94,492)	(34,927)	(40,770)
Current liabilities	(288,082)	(21,195)	(115,314)
<b>Net assets</b>	<b>183,799</b>	<b>21,934</b>	<b>87,599</b>
Carrying amount of NCI	53,302	11,307	21,900
Revenue	361,317	24,277	178,722
Profit / (loss)	17,055	(4,721)	23,331
<b>Total comprehensive income / (loss)</b>	<b>17,055</b>	<b>(4,721)</b>	<b>23,331</b>
Profit / (loss) allocated to NCI	4,946	(2,434)	5,833
Cash flows from operating activities	78,976	5,849	55,670
Cash flows used in investing activities	(93,293)	(6,115)	(32,303)
Cash flows from / (used in) financing activities	8,332	(3,327)	(20,238)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(5,985)</b>	<b>(3,593)</b>	<b>3,129</b>

### 17. Provision for contribution to KFAS, NLST and Zakat

	2015 KD 000's	2014 KD 000's
KFAS	196	506
NLST	703	1,109
Zakat	280	443
	<b>1,179</b>	<b>2,058</b>



## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 18. Basic and diluted earnings per share

Earnings per share attributable to shareholders of the Company is computed by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year less treasury shares as follows:

	2015	2014
Profit for the year attributable to shareholders of the Company (KD 000's)	26,671	45,718
Number of shares outstanding		
Weighted average number of paid up shares (000's)	504,033	504,033
Weighted average number of treasury shares (000's)	(2,871)	(2,871)
Weighted average number of outstanding shares (000's)	501,162	501,162
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	53	91

There are no potential dilutive shares as at 31 December 2015 (2014: nil).

### 19. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group and Ooredoo 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:

	As at 31 December	
	2015	2014
	KD 000's	KD 000's
<b>a. Balances included in the consolidated statement of financial position</b>		
Payable to Ooredoo Group L.L.C – fellow subsidiary	37,247	32,464
Payable to ultimate parent company	3,258	547
Payable to Ooredoo IP L.L.C – fellow subsidiary	1,106	54
Amounts due to related parties (note 13)	41,611	33,065

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 19. Related party transactions (continued)

	Year ended 31 December	
	2015	2014
	KD 000's	KD 000's
<b>b. Transactions included in the consolidated statement of profit or loss within selling, general and administrative expenses</b>		
Management fees to Ooredoo Group L.L.C - fellow subsidiary	17,193	17,186
Brand license fees to Ooredoo IP L.L.C - fellow subsidiary	1,135	55
<b>c. Compensation of key management personnel</b>		
Short term benefits	5,010	3,645
Termination benefits	444	448
	5,454	4,093

During the year, the Group has entered into transactions with related parties on substantially the same terms as those with other parties on an arm's length basis.

### 20. Operating segments

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, the Group Chief Financial Officer, in order to allocate resources to the segment and to its performance.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purpose of monitoring performance and allocating resources between segments:

- Goodwill is allocated to each reportable segment as applicable. There are no assets used jointly by any reportable segment.
- There are no liabilities for which any segment is jointly liable.

Although certain segments do not meet the quantitative thresholds required by IFRS 8, management has concluded that these segments should be reported, as they are closely monitored as a potential growth region and are expected to materially contribute to Group revenue in the future.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 20. Operating segments (continued)

The reportable operating segments derive their revenue primarily from telecommunications services.

	Outside Kuwait					Total
	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Others KD 000's	Un-allocated KD 000's	
<b>31 December 2015</b>						
Segment revenues	188,098	148,987	332,476	48,857	-	718,418
Segment results	17,839	12,095	20,407	3,712	(19,708)	34,345
Profit / (loss)	17,839	12,095	20,407	3,712	(19,708)	34,345
Segment assets	309,532	200,388	447,326	114,188	327,636	1,399,070
Investments and other assets	6,290	2,057	-	137	-	8,484
Total assets	315,822	202,445	447,326	114,325	327,636	1,407,554
Segment liabilities	143,260	70,564	134,451	69,410	-	417,685
Debt and other obligations	4,935	41,396	127,522	26,123	-	199,976
Total liabilities	148,195	111,960	261,973	95,533	-	617,661
Other information						
Impairment loss on goodwill (note 5)	-	-	-	-	(16,708)	(16,708)
Purchase of property and equipment	29,650	28,400	68,870	8,189	-	135,109
Purchase of intangible assets	1,357	1,164	5,576	727	-	8,824
Depreciation and impairment of property and equipment	(28,106)	(25,000)	(55,646)	(6,471)	-	(115,223)
Amortisation of intangible assets	(523)	(10,265)	(12,408)	(3,523)	(3,001)	(29,720)
Provision for staff indemnity	(1,404)	-	(49)	(277)	-	(1,730)

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 20. Operating segments (continued)

	Outside Kuwait					Total
	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Others KD 000's	Un-allocated KD 000's	
<b>31 December 2014</b>						
Segment revenues	168,024	178,722	361,317	40,433	-	748,496
Segment results	14,959	23,331	17,055	480	(2,095)	53,730
Profit / (loss)	14,959	23,331	17,055	480	(2,095)	53,730
Segment assets	254,811	241,404	566,373	109,424	366,218	1,538,230
Investments and other assets	6,893	2,279	-	527	-	9,699
Total assets	261,704	243,683	566,373	109,951	366,218	1,547,929
Segment liabilities	160,422	81,311	202,660	64,635	-	509,028
Debt and other obligations	43,383	48,282	66,751	27,097	-	185,513
Total liabilities	203,805	129,593	269,411	91,732	-	694,541
Other information						
Purchase of property and equipment	34,439	30,994	91,550	8,310	-	165,293
Purchase of intangible assets	404	1,206	3,949	544	-	6,103
Depreciation and impairment of property and equipment	28,427	25,568	53,385	6,570	-	113,950
Amortisation of intangible assets	292	11,415	14,197	3,898	2,095	31,897
Provision for staff indemnity	1,366	-	81	328	-	1,775

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 21. Commitments and contingent liabilities

#### a. Capital commitments

For the acquisition of property and equipment  
For the acquisition of Palestinian mobile license

	2015	2014
	KD 000's	KD 000's
	56,420	79,860
	48,455	46,791
	<u>104,875</u>	<u>126,651</u>

The Group has other tax and penalties contingencies related to its subsidiaries which are under assessment with the tax authorities in the respective countries.

#### b. 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 consolidated statement of profit or loss during the year is disclosed under cost of revenue. 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:

	2015	2014
	KD 000's	KD 000's
Not later than one year	7,545	8,616
Later than one year but not later than five years	33,997	27,917
	<u>41,542</u>	<u>36,533</u>
<b>c. Contingent liabilities</b>		
Letters of guarantee	4,120	3,691
Letters of credit	3,405	3,753
	<u>7,525</u>	<u>7,444</u>

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 22. Financial instruments and risk management

#### Strategy in using financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

The Board of Directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instrument, and investment of excess liquidity.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

#### i) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Tunisian Dinars and Algerian Dinars. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group manages the foreign currency exchange risk by diversifying its exposure to different currency rates.

The Group had the following significant net exposures denominated in foreign currencies:

	2015	2014
	KD 000's	KD 000's
	Equivalent	Equivalent
US Dollar	(23,983)	(37,866)
Tunisian Dinar	(70,052)	(59,972)
Algerian Dinar	(183,500)	(194,349)



## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 22. Financial instruments and risk management (continued)

#### Market risk (continued)

##### Foreign currency sensitivity analysis

The Group is maintaining exposure mainly to the US Dollar, Tunisian Dinar and Algerian Dinar. The following table details the Group's sensitivity to a 10% increase in the KD against the other currencies (as a result of a change in the foreign currency) at the year end due to the assumed change in market rates, with all other variable held constant. A 10 % decrease in the KD against these currencies would have the opposite effect. A positive number indicates increase in equity and a negative number indicates decrease in equity.

	2015 Effect on equity KD 000's	2014 Effect on equity KD 000's
US Dollar	2,398	3,787
Tunisian Dinar	7,005	5,997
Algerian Dinar	18,350	19,435

##### *ii) Interest rate risk management*

Interest rate risk is the risk arising from possible changes in financial instruments that may affect future profitability of the Group.

The Group's interest rate risk arises from term borrowings which are detailed in note 12. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates which is detailed in note 9.

The following table illustrates the sensitivity of the profit as well as equity to a reasonably possible change in interest rates of 1% (2014: 1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at each reporting date. A positive number below indicates an increase in profit / equity and a negative number indicates a decrease in profit/equity.

	Increase	2015		2014	
		Effect on profit KD 000's	Effect on equity KD 000's	Effect on profit KD 000's	Effect on equity KD 000's
KD	+1	(7)	(7)	(8)	(8)
US Dollar	+1	(12)	(12)	(12)	(12)
Tunisian Dinar	+1	(24)	(24)	(10)	(10)
Algerian Dinar	+1	(80)	(80)	(47)	(47)

Sensitivity to interest rate movements will be on a symmetric basis.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 22. Financial instruments and risk management (continued)

#### Market risk (continued)

##### *iii) Equity price risk*

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of listed equity investments. The Group manages the risk through diversification of investments in terms of industry concentration. The effect of equity price risk on profit for the year of the Group is not significant as it has no investments classified as financial assets at fair value through profit or loss, except for effect of impairment in value of financial assets (if any). The effect on equity (as a result of a change in the fair value of equity investments held as available for sale financial assets) at the year end due to an assumed 15% change in market indices, with all other variables held constant, is not significant.

#### Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade and billing receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

##### *I) Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2015 KD 000's	2014 KD 000's
Bank balances	111,827	86,573
Trade and other receivables	97,437	97,894
	<u>209,264</u>	<u>184,467</u>

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 22. Financial instruments and risk management (continued)

#### Credit risk management (continued)

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	Carrying amount	
	2015 KD 000's	2014 KD 000's
Kuwait	99,173	53,076
Tunisia	33,045	59,659
Algeria	49,245	47,745
Maldives	17,491	11,679
Palestine	9,355	12,291
Other	955	17
	<u>209,264</u>	<u>184,467</u>

The Group's credit risk bearing assets can be analysed by the industry sector as follows:

	2015 KD 000's	2014 KD 000's
Banks and other financial institutions	111,827	86,573
Others	97,437	97,894
<b>Total</b>	<u>209,264</u>	<u>184,467</u>

#### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

The average credit period is 30 days. No interest is charged on the overdue trade and billing receivables.

The Group has substantially provided for all receivables due for a period greater than 365 days as a result of historical experience. Trade and billing receivables between 30 days and 365 days are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

As of 31 December 2015, trade and billing receivables of KD 70,121 thousand (2014: KD 72,442 thousand) were fully performing.

Included in the Group's trade and billing receivables balances are debtors with a carrying amount of KD 29,648 thousand (2014: KD 37,823 thousand) which are past due at the reporting date for which the Group has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 22. Financial instruments and risk management (continued)

#### Credit risk management (continued)

The table below shows the credit risk exposure by credit quality of financial assets that are neither past due nor impaired by class, grade and status.

	Rated KD 000's	Unrated		Total KD 000's
		High grade KD 000's	Standard grade KD 000's	
<b>31 December 2015</b>				
Bank balances	104,667	7,160	-	111,827
Trade and other receivables	-	48,807	18,981	67,788
<b>Total</b>	<u>104,667</u>	<u>55,967</u>	<u>18,981</u>	<u>179,615</u>
<b>31 December 2014</b>				
Bank balances	78,524	8,049	-	86,573
Trade and other receivables	-	43,251	16,820	60,071
<b>Total</b>	<u>78,524</u>	<u>51,300</u>	<u>16,820</u>	<u>146,644</u>

All the above financial assets are classified as "loans and receivables".

#### Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance department. Group treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, compliance with internal financial position ratio targets and external regulatory or legal requirements.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 22. Financial instruments and risk management (continued)

#### Liquidity risk management (continued)

At the reporting date, the Group held short term deposits of KD 2,520 thousand (2014: KD 24,913 thousand) and other liquid assets of KD 243,382 thousand (2014: KD 297,826 thousand) that are expected to readily generate cash inflows for managing liquidity risk. The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the discounted cash flows of financial liabilities as the impact of discounting is not material.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Weighted average effective interest rate %
2015	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	%
<b>Financial liabilities</b>						
Trade and other payables	111,728	164,084	79,816	-	355,628	
Long term debt	66,977	40,648	85,255	872	193,752	%5.6
Other non-current liabilities	-	2,616	16,299	-	18,915	
	<u>178,705</u>	<u>207,348</u>	<u>181,370</u>	<u>872</u>	<u>568,295</u>	
<b>Commitments and contingencies</b>						
Acquisition of property and equipment	20,824	27,280	8,316	-	56,420	
Acquisition of Palestinian mobile license	-	-	-	48,455	48,455	
Operating leases	7,545	8,159	25,838	-	41,542	
Letters of credit and guarantee	6,941	284	300	-	7,525	
	<u>35,310</u>	<u>35,723</u>	<u>34,454</u>	<u>48,455</u>	<u>153,942</u>	

## Notes to the consolidated financial statements

For the year ended 31 December 2015

### 22. Financial instruments and risk management (continued)

#### Liquidity risk management (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Weighted average effective interest rate %
2014	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	%
<b>Financial liabilities</b>						
Trade and other payables	140,557	206,423	100,411	-	447,391	
Long term debt	117,540	43,322	19,072	-	179,934	8.7%
Other non-current liabilities	-	2,556	15,928	-	18,484	
	<u>258,097</u>	<u>252,301</u>	<u>135,411</u>	<u>-</u>	<u>645,809</u>	
<b>Commitments and contingencies</b>						
Acquisition of property and equipment	29,475	38,614	11,771	-	79,860	
Acquisition of Palestinian mobile license	-	-	-	46,791	46,791	
Operating leases	8,616	6,700	21,217	-	36,533	
Letters of credit and guarantee	6,744	324	376	-	7,444	
	<u>44,835</u>	<u>45,638</u>	<u>33,364</u>	<u>46,791</u>	<u>170,628</u>	

### 23. Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, systems failure or from external events. The Group has a set of policies and procedures, which are approved by the board of directors and are applied to identify, assess and supervise operational risk. The Group's management ensures compliance with policies and procedures and monitors operational risk as part of overall risk management.



Notes to the consolidated financial statements

For the year ended 31 December 2015

24. 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.

Fair value measurements recognised in the 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).

Available for sale financial assets

Listed equity securities

Unlisted equity securities

2015		
Level 1	Level 2	Total
KD 000's	KD 000's	KD 000's
316	-	316
-	3,973	3,973
316	3,973	4,289

Available for sale financial assets

Listed equity securities

Unlisted equity securities

2014		
Level 1	Level 2	Total
KD 000's	KD 000's	KD 000's
328	-	328
-	4,544	4,544
328	4,544	4,872

Notes to the consolidated financial statements

For the year ended 31 December 2015

24. Fair value of financial instruments (continued)

There were no transfers between levels during the years ended 31 December 2015 and 31 December 2014.

Valuation techniques and assumptions for the purpose of measuring fair value

a. Listed securities

All listed equity securities are publicly traded on a recognised stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

b. Unlisted securities

Unlisted securities are measured at fair value using prices as per last market transaction.

There are no transfers between levels during the years ended 31 December 2015 and 31 December 2014.

25. Capital risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the Group performance in relation to its long range business plan and its long-term profitability objectives.

The Group's objectives for managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.



## Board of Directors



Sheikh Saud bin Nasser Al Thani  
Chairman



Mr. Aziz Al Othman Fakhroo  
Vice Chairman



Mr. Fahad Othman Al Saeed  
Board Member



Mr. Bader Nasser Al Humaidi  
Board Member



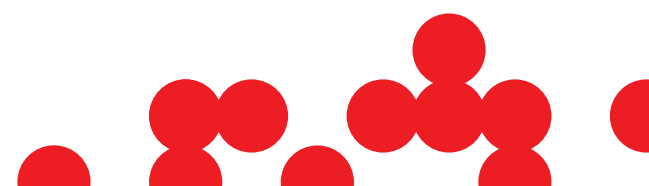
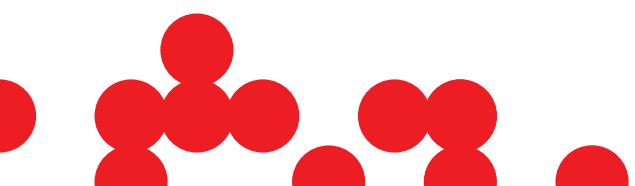
Mr. Youssef Mohammad Al Sumait  
Board Member



Eng. Abdul Aziz Ibrahim Fakhroo  
Board Member



Mr. Ahmed Ali Al Mohannadi  
Board Member



## Executive Management



**Mohammed bin Abdullah Al Thani**  
General Manager & CEO



**Tamer Shibl**  
Chief Sales Officer



**Rupesh Sharma**  
Financial Controller



**Fouad Al-Awadhi**  
Chief Audit Executive



**Hendrick Vorster**  
Chief Technology Officer



**Faisal El-Bably**  
Chief Marketing Officer



**Saleh Al-Houti**  
Chief Human Resources & Administration Services Officer



**Hamad Al-Marzouq**  
Senior Director, B2B



**Wael AlSultan**  
Senior Director, Customer Care



**Dr. Yousuf Al-Sellili**  
Head, Corporate Legal and Regulatory Affairs



**Amine Tazi**  
Head of Strategy and CEO Support Office



**Filip Prochazka**  
Senior Director, Supply Chain



**Mijbil Alayoub**  
Director, Corporate Communications



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\* For calls from outside the Gulf region, please replace the international code 970 with the code 972.