

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



**Interim condensed consolidated financial information and independent auditors' review report for  
the period from 1 January 2014 to 31 March 2014  
(Unaudited)**



<b>Index</b>	<b>Page</b>
Independent auditors' report on review of interim condensed consolidated financial information	1 – 2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss	4
Interim condensed consolidated statement of comprehensive income	5
Interim condensed consolidated statement of changes in equity	6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 – 16



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## **Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information**

**The Board of Directors  
National Mobile Telecommunications Company K.S.C.P.  
State of Kuwait**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial information of National Mobile Telecommunications Company K.S.C.P. ("the Company" or "NMTC") and its subsidiaries (together referred to as "the Group"), which comprises the interim condensed consolidated statement of financial position as at 31 March 2014, the interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the interim condensed consolidated financial information. The Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material aspects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

### *Emphasis of Matter*

We draw attention to note 16 to the interim condensed consolidated financial information, which describes the nature of an ongoing lawsuit relating to the Company. Legal proceedings related to the lawsuit are in progress and the ultimate outcome of the matter cannot be presently determined. Our conclusion is not qualified in respect of this matter.

**Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information (continued)**

***Report on Review of Other Legal and Regulatory Requirements***

Furthermore, based on our review, this interim condensed consolidated financial information is in agreement with the accounting records. We further report that to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 25 of 2012, as amended, or the Memorandum and Articles of Association of the Company during the three month period ended 31 March 2014 that might have had material effect on the Company's activities or on its financial position.



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**Kuwait 22 April 2014**

**National Mobile Telecommunications Company K.S.C.P. and Subsidiaries**  
**Interim condensed consolidated statement of financial position (Unaudited)**  
**As at 31 March 2014**



	Note	31 March 2014 KD 000's (Unaudited)	31 December 2013 KD 000's (Audited)	31 March 2013 KD 000's (Unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		700,193	679,730	534,404
Intangible assets and goodwill		592,699	583,774	615,408
Available for sale financial assets		7,976	8,691	9,641
Deferred tax asset		1,753	1,567	2,355
Other non-current assets		407	393	486
		<u>1,303,028</u>	<u>1,274,155</u>	<u>1,162,294</u>
<b>Current assets</b>				
Inventories		30,413	27,049	15,296
Trade and other receivables		185,023	169,434	149,736
Bank balances and cash	5	126,608	141,702	164,138
Assets of disposal group classified as held for sale	6	-	29,070	-
		<u>342,044</u>	<u>367,255</u>	<u>329,170</u>
<b>Total assets</b>		<u>1,645,072</u>	<u>1,641,410</u>	<u>1,491,464</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Reserves		152,320	135,913	147,921
Retained earnings		580,026	622,853	574,200
<b>Equity attributable to shareholders of the Company</b>		<u>779,151</u>	<u>805,571</u>	<u>768,926</u>
Non-controlling interests		132,828	126,880	141,529
<b>Total equity</b>		<u>911,979</u>	<u>932,451</u>	<u>910,455</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term debts	7	106,277	96,853	57,377
Provision for staff indemnity		5,526	5,327	5,588
Other non-current liabilities		18,097	18,037	21,122
		<u>129,900</u>	<u>120,217</u>	<u>84,087</u>
<b>Current liabilities</b>				
Trade and other payables	8	531,278	464,492	437,370
Deferred income		30,122	37,256	30,546
Income tax payable		5,006	-	6,507
Long term debts	7	36,787	48,225	22,499
Liabilities of disposal group classified as held for sale	6	-	38,769	-
		<u>603,193</u>	<u>588,742</u>	<u>496,922</u>
<b>Total liabilities</b>		<u>733,093</u>	<u>708,959</u>	<u>581,009</u>
<b>Total equity and liabilities</b>		<u>1,645,072</u>	<u>1,641,410</u>	<u>1,491,464</u>

Abdullah Bin Mohammed Bin Saud Al Thani  
Chairman

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.



	Note	Three months ended 31 March	
		2014 KD 000's (Unaudited)	2013 KD 000's (Unaudited) (Re-presented)
<b>Continuing operations</b>			
Revenue		182,685	181,306
Cost of revenue		(70,038)	(67,691)
<b>Gross profit</b>		<b>112,647</b>	<b>113,615</b>
Administrative expenses		(32,603)	(30,954)
Selling and distribution costs		(16,862)	(15,385)
Finance costs – net	11	(1,693)	(847)
Depreciation and amortisation		(35,828)	(32,078)
Other income / (expense)	12	1,002	(5,076)
Gain on disposal of a subsidiary	6	3,628	-
Impairment loss		-	(5)
<b>Profit before Directors' remuneration, provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST"), Zakat and taxation from continuing operations</b>		<b>30,291</b>	<b>29,270</b>
Directors' remuneration		(151)	(267)
Provision for contribution to KFAS, NLST and Zakat	13	(891)	(916)
<b>Profit before taxation from continuing operations</b>		<b>29,249</b>	<b>28,087</b>
Taxation related to subsidiaries		(4,906)	(6,066)
<b>Profit for the period from continuing operations</b>		<b>24,343</b>	<b>22,021</b>
<b>Discontinued operations</b>			
Profit from discontinued operations		-	562
<b>Profit for the period</b>		<b>24,343</b>	<b>22,583</b>
<i>Attributable to:</i>			
- Shareholders of the Company		19,818	19,477
- Non-controlling interests		4,525	3,106
		<b>24,343</b>	<b>22,583</b>
	10	<b>39.54</b>	<b>38.86</b>
<b>Basic and diluted earnings per share (fils) – continuing operations</b>	10	<b>39.54</b>	<b>37.74</b>

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.



	<b>Three months ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>24,343</b>	<b>22,583</b>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>		
Change in fair value of available for sale financial assets	(41)	674
Net loss / (gain) on sale of available for sale financial assets transferred to the interim condensed consolidated statement of profit or loss (note 12)	274	(24)
Impairment loss on available for sale financial assets transferred to the interim condensed consolidated statement of profit or loss	-	5
Exchange differences transferred to the interim condensed consolidated statement of profit or loss	685	-
Exchange differences arising on translation of foreign operations	16,912	(9,133)
<i>Total items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>	<b>17,830</b>	<b>(8,478)</b>
<b>Total other comprehensive income for the period</b>	<b>17,830</b>	<b>(8,478)</b>
<b>Total comprehensive income for the period</b>	<b>42,173</b>	<b>14,105</b>
<i>Attributable to:</i>		
- Shareholders of the Company	36,225	11,942
- Non-controlling interests	5,948	2,163
	<b>42,173</b>	<b>14,105</b>

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

**National Mobile Telecommunications Company K.S.C.P. and Subsidiaries**  
**Interim condensed consolidated statement of changes in equity (Unaudited)**  
**for the period from 1 January 2014 to 31 March 2014**



	Reserves								Equity attributable to shareholders of the Company KD 000's	Retained earnings KD 000's	Non-controlling interests KD 000's	Total equity KD 000's
	Share capital KD 000's	Treasury shares KD 000's	Share premium KD 000's	Statutory reserve KD 000's	General reserve KD 000's	Gain on sale of treasury shares KD 000's	Fair value reserve KD 000's	Foreign currency translation reserve KD 000's				
Balance at 1 January 2014	50,403	(3,598)	66,634	32,200	113,016	6,914	1,128	(87,391)	805,571	622,853	126,880	932,451
<b>Comprehensive income</b>												
Profit for the period	-	-	-	-	-	-	-	-	19,818	19,818	4,525	24,343
Other comprehensive income for the period	-	-	-	-	-	-	233	16,174	-	-	1,423	17,830
Total comprehensive income for the period	-	-	-	-	-	-	233	16,174	36,225	19,818	5,948	42,173
Dividends (note 9)	-	-	-	-	-	-	-	-	(62,645)	(62,645)	-	(62,645)
Balance at 31 March 2014	50,403	(3,598)	66,634	32,200	113,016	6,914	1,361	(71,217)	779,151	580,026	132,828	911,979
Balance at 1 January 2013	50,403	(3,598)	66,634	32,200	105,051	6,914	429	(59,184)	819,866	617,605	139,296	959,162
<b>Comprehensive income</b>												
Profit for the period	-	-	-	-	-	-	-	-	19,477	19,477	3,106	22,583
Other comprehensive income for the period	-	-	-	-	-	-	655	(8,190)	(7,535)	-	(943)	(8,478)
Total comprehensive income for the period	-	-	-	-	-	-	655	(8,190)	11,942	19,477	2,163	14,105
Dividends (note 9)	-	-	-	-	-	-	-	-	(62,645)	(62,645)	-	(62,645)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	(237)	(237)	70	(167)
Balance at 31 March 2013	50,403	(3,598)	66,634	32,200	105,051	6,914	1,084	(67,374)	768,926	574,200	141,529	910,455

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.



**National Mobile Telecommunications Company K.S.C.P. and Subsidiaries**  
**Interim condensed consolidated statement of cash flows (Unaudited)**  
*for the period from 1 January 2014 to 31 March 2014*



		Three months ended 31 March	
	Note	2014 KD 000's (Unaudited)	2013 KD 000's (Unaudited)
<b>Cash flows from operating activities</b>			
Profit for the year from continuing operations		24,343	22,021
Profit for the year from discontinued operations		-	562
<i>Adjustments for:</i>			
Depreciation and amortisation		35,828	33,744
Dividend income	12	-	(13)
Finance income	11	(470)	(740)
Gain on sale of available for sale financial assets	12	274	(24)
Impairment loss on value of available for sale financial assets and intangible assets		-	5
Provision for impairment of receivables		2,419	2,567
Taxation relating to subsidiaries		4,906	6,066
Gain on sale of property and equipment		(35)	-
Gain on sale of a subsidiary	6	(3,628)	-
Finance costs	11	2,163	1,586
Provision for KFAS, NLST and Zakat	13	891	916
Provision for staff indemnity		370	479
		<u>67,061</u>	<u>67,169</u>
<i>Changes in:</i>			
Trade and other receivables and other non-current assets		(18,146)	(6,579)
Inventories		(3,364)	(837)
Trade and other payables and other non-current liabilities		(19,421)	19,629
<b>Cash generated from operating activities</b>		<u>26,130</u>	<u>79,382</u>
Provision for staff indemnity paid		(168)	(95)
<b>Net cash generated from operating activities</b>		<u>25,962</u>	<u>79,287</u>
<b>Cash flows from investing activities</b>			
(Increase) / decrease in term deposits		(400)	973
Purchase of available for sale financial assets		-	(1,074)
Proceeds from sale of available for sale financial assets		677	1,330
Purchase of property and equipment		(44,624)	(33,163)
Proceeds from disposal of property and equipment		95	189
Purchase of intangible assets		(1,602)	(3,044)
Payments on disposal of a subsidiary		(6,044)	-
Dividend income received		-	13
Interest income received		470	722
<b>Net cash used in investing activities</b>		<u>(51,428)</u>	<u>(34,054)</u>
<b>Cash flows from financing activities</b>			
Finance costs paid		(2,162)	(1,586)
Net decrease in term debts		(2,897)	(27,407)
Net movement in non-controlling interest		-	(167)
<b>Net cash used in financing activities</b>		<u>(5,059)</u>	<u>(29,160)</u>
<b>Effect of foreign currency translation</b>		<u>(441)</u>	<u>(2,723)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(30,966)</u>	<u>13,350</u>
Cash and cash equivalents at 1 January		137,869	137,229
<b>Cash and cash equivalents at 31 March</b>	5	<u>106,903</u>	<u>150,579</u>

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.



## **1. Incorporation and activities**

National Mobile Telecommunications Company K.S.C.P. (“the Company”) is a Kuwaiti shareholding company incorporated by Amiri Decree on 10 October 1997. The Company and its subsidiaries (together referred to as “the Group”) are engaged in the provision of mobile telephone services in Kuwait 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 is also permitted to invest surplus funds in shares and other securities and acquire interests in related businesses in Kuwait and similar businesses abroad. Its 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 Investment LLC, one of the subsidiaries of Ooredoo Q.S.C. (formerly Qatar Telecom Company Q.S.C.) (“Ooredoo”), a Qatari shareholding company listed on the Qatar Stock Exchange.

On 29 November 2012 through a decree, Companies Law No. 25 of 2012 (“the Law”) was issued and later amended by Law No. 97 of 2013 dated 27 March 2013 (“the Decree”). The Law came into effect from the date it was published in Kuwait’s Official Gazette. The Executive Regulations have been issued by the Ministry of Commerce and Industry on 29 September 2013 and was published in the Kuwait’s Official Gazette on 6 October 2013. According to Article 3 of the resolution, the companies have one year from date of publishing the Executive Regulations to comply with the new amended Law. The Company’s management is of the view that application of the provisions of the Law has no material impact on the Company’s activities or on its consolidated financial position.

The address of the Company’s registered office is Wataniya Telecom Tower, Sharq Area, Plot 1/A, Ahmed Al-Jaber Street, Kuwait City, State of Kuwait.

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 22 April 2014.

## **2. Basis of preparation**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting and the Kuwait Stock Exchange instructions No. 2 of 1998.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the interim condensed consolidated financial information of the Group, since the last annual consolidated financial statements as at and for the year ended 31 December 2013. This interim condensed consolidated financial information does not include all of the information required for full annual audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards (IFRS).

Operating results for the three month period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014.

## **3. Significant accounting policies**

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the most recent annual audited consolidated financial statements for the year ended 31 December 2013.



### **3. Significant accounting policies (continued)**

Additionally, the Company has adopted the following revised and newly issued IFRS and interpretations effective for annual periods beginning on or after 1 January 2014.

#### *IFRS 10, IFRS 12 and IAS 27*

Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

#### *IAS 32 Offsetting Financial Assets and Financial Liabilities*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms.

#### *IAS 36 Impairment of assets*

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosures of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively and accordingly will be considered while making disclosures for impairment of non-financial assets in the consolidated financial statements for the year ending 31 December 2014 and would continue to be considered for future disclosures.

The management anticipates that the above amendments have no significant financial impact on the condensed consolidated interim financial information of the Group.

### **4. Judgements and estimates**

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2013.



**5. Bank balances and cash**

	<b>31 March 2014 KD 000's (Unaudited)</b>	<b>31 December 2013 KD 000's (Audited)</b>	<b>31 March 2013 KD 000's (Unaudited)</b>
Bank balances and cash	<b>80,270</b>	<b>91,494</b>	<b>111,290</b>
Deposits	<b>46,338</b>	<b>50,208</b>	<b>52,848</b>
Bank balances and cash in the interim condensed consolidated statement of financial position	<b>126,608</b>	<b>141,702</b>	<b>164,138</b>
Deposits with original maturities of three months or more	<b>(19,705)</b>	<b>(19,305)</b>	<b>(13,559)</b>
Bank balances and cash reclassified as assets of disposal group classified as held for sale	<b>-</b>	<b>15,472</b>	<b>-</b>
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<b>106,903</b>	<b>137,869</b>	<b>150,579</b>

The effective interest rate on interest-earning deposits ranged from 1.66% to 8.6% (31 December 2013 and 31 March 2013: 1.66% to 8.6% and 1.66% to 8.6% respectively) per annum. Bank balances and cash include KD 118 thousand (31 December 2013 and 31 March 2013: KD 1,543 thousand and KD 858 thousand respectively) held as part of a managed portfolio.

Included in deposits with original maturities of three months or more is an amount of KD 13,755 thousand (31 December 2013 and 31 March 2013: KD 13,785 thousand and KD 11,287 thousand respectively) restricted in accordance with subsidiary's syndicated loan agreement (refer to note 7).

**6. Gain on sale of a subsidiary**

During the period, the management of the Group sold Public Telecommunications Company Ltd. (PTC) (a former subsidiary) to Saudi Telecommunications Company ("the buyer"). The settlement agreement, which was initially signed on 31 October 2013 and amended on 20 January 2014, was concluded and the related legal formalities of the transferring the shares were duly completed during the period ended 31 March 2014.

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 as well as the consideration paid by the Group, has resulted in a gain of KD 3,628 thousand.



**7. Long term debts**

	<b>31 March 2014 KD 000's (Unaudited)</b>	<b>31 December 2013 KD 000's (Audited)</b>	<b>31 March 2013 KD 000's (Unaudited)</b>
<b>Current portion</b>			
Due to local banks	-	-	20,000
Due to local banks related to subsidiaries	36,238	47,717	1,329
Due to foreign banks	549	508	1,170
	<u>36,787</u>	<u>48,225</u>	<u>22,499</u>
<b>Non-current portion</b>			
Due to local banks	24,000	18,000	-
Due to local banks related to subsidiaries	73,696	70,229	21,353
Due to foreign banks	8,581	8,624	36,024
	<u>106,277</u>	<u>96,853</u>	<u>57,377</u>

Long term debts amounting to KD 54,733 thousand (31 December 2013 and 31 March 2013: KD 64,656 thousand and KD 35,649 thousand respectively) are supported by third party guarantees and secured by pledges on Wataniya Telecom Algeria S.P.A. ("WTA")'s assets and shares. In addition, WTA is subject to various obligations and financial covenants over the terms of those debts.

Long term debts amounting to KD 23,033 thousand (31 December 2013 and 31 March 2013: KD 23,071 thousand and KD 23,371 thousand respectively) are secured by Wataniya Palestine Mobile Telecom Limited ("WPT")'s assets.

Long term debts amounting to 24,000 thousand (31 December 2013 and 31 March 2013: KD 18,000 thousand and KD 20,000 thousand respectively) are secured by promissory notes signed by the Company as guarantee of the loan.

Long term debts amounting to KD 39,154 thousand (31 December 2013 and 31 March 2013: KD 37,780 thousand and nil respectively) were secured by pledge of tangible and intangible assets exclusive of the GSM License, of Tunisiana S.A. (previously "Orascom Telecom Tunisie"). In addition, the loan arrangements contain financial covenants to be tested on an annual basis.

**8. Trade and other payables**

	<b>31 March 2014 KD' 000 (Unaudited)</b>	<b>31 December 2013 KD' 000 (Audited)</b>	<b>31 March 2013 KD' 000 (Unaudited)</b>
Accruals	272,688	272,151	178,846
Trade payables	91,731	85,931	76,242
Amounts due to related parties (note 14)	43,232	39,230	34,232
Other tax payables	16,257	17,687	24,933
Staff payable	10,297	10,320	9,599
Dividends payable	72,215	15,139	65,951
Other payables	24,858	24,034	47,567
	<u>531,278</u>	<u>464,492</u>	<u>437,370</u>

The Group has sound financial risk management policies in place to ensure that all payables are paid within the specified credit time frame.





## 9. Dividends

The Annual General Assembly of the Company, held on 25 March 2014, approved the consolidated financial statements of the Group for the year ended 31 December 2013 and the payment of cash dividend of 125 fils per share for the year ended 31 December 2013 (2012: cash dividend of 125 fils per share) to the Company's equity shareholders existing as at 25 March 2014.

## 10. Basic and diluted earnings per share

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

	<b>Three months ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period attributable to shareholders of the Company (KD 000's)	<u>19,818</u>	<u>19,477</u>
Profit for the period attributable to shareholders of the Company – continuing operations (KD 000's)	<u>19,818</u>	<u>18,915</u>
Number of shares outstanding:		
Weighted average number of paid up shares (thousands)	<u>504,033</u>	<u>504,033</u>
Weighted average number of treasury shares (thousands)	<u>(2,871)</u>	<u>(2,871)</u>
Weighted average number of outstanding shares (thousands)	<u>501,162</u>	<u>501,162</u>
<b>Basic and diluted earnings per share attributable to shareholders of the Company (fils)</b>	<u><b>39.54</b></u>	<u><b>38.86</b></u>
<b>Basic and diluted earnings per share attributable to shareholders of the Company – continuing operations (fils)</b>	<u><b>39.54</b></u>	<u><b>37.74</b></u>

## 11. Finance costs - net

	<b>Three months ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited) (Re-presented)</b>
Finance income	<u>470</u>	<u>739</u>
Finance costs	<u>(2,163)</u>	<u>(1,586)</u>
	<u><b>(1,693)</b></u>	<u><b>(847)</b></u>

## 12. Other income / (expense)

	<b>Three months ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited) (Re-presented)</b>
Dividend income	-	13
Exchange loss	(930)	(748)
Other operating income / (expenses)	2,206	(4,365)
Gain on sale of available for sale financial assets	(274)	24
	<u><b>1,002</b></u>	<u><b>(5,076)</b></u>



**13. Provision for contribution to KFAS, NLST and Zakat**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
KFAS	(168)	(168)
NLST	(517)	(534)
Zakat	(206)	(214)
	<u>(891)</u>	<u>(916)</u>

**14. 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:

<b><i>Interim condensed consolidated statement of financial position</i></b>	<b>31 March 2014</b>	<b>31 December 2013</b>	<b>31 March 2013</b>
	<b>KD' 000</b>	<b>KD' 000</b>	<b>KD' 000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
<b><i>Shareholders and entities related to shareholders</i></b>			
Payables to Ooredoo Group L.L.C.	198	104	34,135
Payable to Ooredoo Q.S.C.	43,034	39,126	97
Amounts due to related parties (note 8)	<u>43,232</u>	<u>39,230</u>	<u>34,232</u>

<b><i>Interim condensed consolidated statement of profit or loss</i></b>	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Management fees to Ooredoo Group L.L.C.	3,746	3,755
Other expenses to Ooredoo Q.S.C.	94	82
Other expenses to Ooredoo Group L.L.C.	389	259
<b>Compensation of key management personnel:</b>		
Short term benefits	343	419
Termination benefits	258	512
	<u>601</u>	<u>931</u>



## 15. Fair value of financial instruments

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

The fair value of financial instruments traded in active markets (such as trading and available for sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

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

### 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).

	31 March 2014		
	Level 1 KD 000's	Level 2 KD 000's	Total KD 000's
<b><i>Available for sale financial assets</i></b>			
Listed equity securities	390	-	390
Unlisted equity securities	-	5,476	5,476
	<u>390</u>	<u>5,476</u>	<u>5,866</u>
	31 December 2013		
	Level 1 KD 000's	Level 2 KD 000's	Total KD 000's
<b><i>Available for sale financial assets</i></b>			
Listed equity securities	1,001	-	1,001
Unlisted equity securities	-	4,033	4,033
	<u>1,001</u>	<u>4,033</u>	<u>5,034</u>
	31 March 2013		
	Level 1 KD 000's	Level 2 KD 000's	Total KD 000's
<b><i>Available for sale financial assets</i></b>			
Listed equity securities	2,034	-	2,034
Unlisted equity securities	-	5,586	5,586
	<u>2,034</u>	<u>5,586</u>	<u>7,620</u>

### *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.





**15. Fair value of financial instruments (continued)**

b) Unlisted securities

Unlisted securities are measured at fair value estimated using various models, which includes some assumptions that are not supported by observable market prices or rates.

There are no transfers out of level 3 during the periods/year ended 31 March 2014, 31 December 2013 and 31 March 2013.

**16. Commitments and contingent liabilities**

	<b>31 March 2014 KD 000's (Unaudited)</b>	<b>31 December 2013 KD 000's (Audited)</b>	<b>31 March 2013 KD 000's (Unaudited)</b>
<b>Capital commitments</b>			
For the acquisition of property and equipment	84,644	87,164	152,312
For the acquisition of Palestinian mobile license	44,954	45,052	45,565
	<u>129,598</u>	<u>132,216</u>	<u>197,877</u>

**Operating lease commitments**

The Group has a number of operating leases over properties for the erection of communication towers, office facilities and warehouses. The lease expenditure charged to the interim condensed consolidated statement of profit or loss during the period is disclosed under 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:

	<b>31 March 2014 KD' 000 (Unaudited)</b>	<b>31 December 2013 KD' 000 (Audited)</b>	<b>31 March 2013 KD' 000 (Unaudited)</b>
Not later than one year	8,800	9,066	7,285
Later than one year but not later than five years	31,042	31,646	30,657
	<u>39,842</u>	<u>40,712</u>	<u>37,942</u>
<b>Contingent liabilities</b>			
Letters of guarantee	3,564	4,224	4,400
Letters of credit	<u>2,362</u>	<u>-</u>	<u>-</u>

The Ministry of Communications initiated unjust enrichment proceedings against Wataniya under Article 262 of the Kuwaiti Civil Code, claiming unlawful use of the Ministry's network infrastructure since 1999. During the period, the Kuwaiti Court of Appeal ruled in favour of the Ministry of Communication (the "MOC") in its case against National Mobile Telecommunications Company K.S.C.P. The decision was based on the claimed right of the Ministry to charge fees according to Kuwaiti Law for mobile services provided via the Company's mobile network. The judgment was for an amount of KD 36.693 million in favor of the MOC. Management is in the process of challenging the judgement of the Court of Appeal before the Court of Cassation. Management believes that Wataniya has strong grounds to challenge these allegations.

**17. Financial risk management**

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2013.

Notes to the interim condensed consolidated financial information (Unaudited)  
for the period from 1 January 2014 to 31 March 2014

## 18. Segmental information

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

	Inside Kuwait KD 000's	Outside Kuwait			Total KD 000's
		Tunisia KD 000's	Algeria KD 000's	Others KD 000's	Un-allocated KD 000's
<b>Three months ended</b>					
<b>31 March 2014 (unaudited)</b>					
Segment revenues	41,916	45,406	85,491	9,872	-
Profit / (loss) from continuing operations	2,858	7,684	12,055	2,843	(1,097)
<b>Three months ended</b>					
<b>31 March 2013 (unaudited) – (Re-presented)</b>					
Segment revenues	52,674	47,619	71,924	9,089	181,306
Profit / (loss) from continuing operations	9,499	5,063	10,460	(1,895)	22,021
<b>As at</b>					
<b>31 March 2014 (unaudited)</b>					
Segment assets	289,608	252,172	567,906	122,947	402,710
Investments and other assets	7,887	1,842	-	-	-
Total assets	297,495	254,014	567,906	122,947	402,710
<b>As at</b>					
<b>31 December 2013 (audited)</b>					
Segment assets	290,779	256,937	541,801	153,762	358,803
Investments and other assets	8,606	1,652	-	-	-
Assets of disposal group classified as held for sale	-	-	-	29,070	-
Total assets	299,385	258,589	541,801	182,832	358,803
<b>As at</b>					
<b>31 March 2013 (unaudited)</b>					
Segment assets	224,732	285,575	399,973	164,727	404,461
Investments and other assets	9,641	2,355	-	-	-
Total assets	234,373	287,930	399,973	164,727	404,461