

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

Condensed consolidated interim financial information (unaudited)
and independent auditor's review report
for the six-month period ended 30 June 2023

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information (unaudited)
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

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**National Mobile Telecommunication Company K.S.C.P.
State of Kuwait**

Report on review of condensed consolidated interim financial information

The Board of Directors

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Mobile Telecommunication Company K.S.C.P. (the “Parent Company”) and its subsidiaries (the “Group”) as at 30 June 2023, and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on review of other legal and regulatory requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, and its Executive Regulations nor of the Parent Company’s Memorandum of Incorporation and Articles of Association, have occurred during the six-month period ended 30 June 2023, that might have had a material effect on the business of the Parent Company or its financial position.

We further report that, during the course of our review, we have not become aware of any material violations during the six-month period ended 30 June 2023 of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, during the six-month period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

Khalid Ebrahim Al-Shatti
License No.175
PricewaterhouseCoopers
(Al-Shatti & Co.)

25 July 2023
Kuwait

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information

for the six-month period ended 30 June 2023

(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2023 (Unaudited) KD'000	31 December 2022* (Audited) KD'000	30 June 2022* (Unaudited) KD'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	404,512	419,306	407,681
Intangible assets and goodwill	6	257,757	259,500	264,190
Right-of-use assets	7	125,041	120,167	111,582
Financial assets – equity instruments		1,130	1,211	1,600
Other non-current assets		7,676	7,583	8,081
Deferred tax assets		25,818	26,561	23,125
Contract costs		1,667	1,846	1,511
Total non-current assets		823,601	836,174	817,770
Current assets				
Inventories		15,185	15,146	18,216
Contract costs		6,722	5,861	4,893
Trade and other receivables		189,357	174,757	173,024
Bank balances and cash	8	182,573	158,508	109,971
Total current assets		393,837	354,272	306,104
Total assets		1,217,438	1,190,446	1,123,874
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Translation reserve		(325,271)	(329,672)	(333,719)
Other reserves	9	248,330	248,411	244,656
Retained earnings		610,109	580,929	566,411
Equity attributable to shareholders of the parent		579,973	546,473	524,153
Non-controlling interests		88,414	89,002	88,874
Total equity		668,387	635,475	613,027
LIABILITIES				
Non-current liabilities				
Loans and borrowings	10	7,779	7,873	10,639
Employees' benefits		12,651	12,064	12,666
Lease liabilities	11	102,000	102,968	96,183
Other non-current liabilities		17,490	18,008	18,456
Contract liabilities		1,110	879	769
Provisions	18	7,746	7,644	7,468
Total non-current liabilities		148,776	149,436	146,181
Current liabilities				
Trade and other payables	12	266,967	283,298	246,834
Deferred income		34,948	35,736	34,269
Loans and borrowings	10	19,206	7,866	16,796
Lease liabilities	11	21,673	22,452	20,360
Income tax and other tax related payables		35,456	34,845	27,396
Contract liabilities		3,490	3,183	3,015
Provisions	18	18,535	18,155	15,996
Total current liabilities		400,275	405,535	364,666
Total liabilities		549,051	554,971	510,847
Total equity and liabilities		1,217,438	1,190,446	1,123,874

*Refer to note 22 for details regarding certain reclassifications

Mohammed bin Abdulla Al Thani
Chairman



The accompanying notes from 1 to 22 form an integral part of this condensed consolidated interim financial information

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information

for the six-month period ended 30 June 2023

(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	13	162,918	153,207	318,171	306,083
Other income	19	(218)	205	45,262	533
		162,700	153,412	363,433	306,616
Network, interconnect, and other operating expenses		(82,992)	(76,610)	(161,315)	(154,439)
Employee salaries and associated costs		(16,736)	(18,115)	(33,217)	(35,322)
Management fees expense	17	(4,821)	(4,545)	(9,398)	(9,069)
Depreciation and amortization		(32,245)	(32,800)	(64,036)	(65,693)
Finance costs		(2,316)	(2,080)	(4,423)	(4,209)
Finance income		1,450	782	2,708	1,546
Impairment losses on financial assets		(2,531)	(1,943)	(7,430)	(3,774)
Other (losses)/income - net		(42)	(904)	176	(1,670)
Profit before directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and income tax,		22,467	17,197	86,498	33,986
Directors' remuneration		(156)	(155)	(317)	(316)
Contribution to KFAS, NLST and Zakat	14	(464)	(325)	(2,767)	(648)
Income tax		(7,350)	(1,011)	(13,158)	(6,445)
Profit for the period		14,497	15,706	70,256	26,577
<i>Profit attributable to:</i>					
Shareholders of the parent		11,332	12,372	64,373	20,801
Non-controlling interests		3,165	3,334	5,883	5,776
		14,497	15,706	70,256	26,577
Basic and diluted earnings per share (fils)	16	23	25	128	42

The accompanying notes from 1 to 22 form an integral part of this condensed consolidated interim financial information

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
	KD'000	KD'000	KD'000	KD'000
Profit for the period	14,497	15,706	70,256	26,577
Other comprehensive income/(loss)				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	(2,023)	(12,356)	5,469	(20,782)
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net changes in fair value on investments in equity instruments designated as at FVOCI	(26)	-	(81)	-
Other comprehensive income/(loss) - net of tax	(2,049)	(12,356)	5,388	(20,782)
Total comprehensive income for the period	12,448	3,350	75,644	5,795
Total comprehensive income attributable to:				
Shareholders of the parent	9,403	1,565	68,693	3,057
Non-controlling interests	3,045	1,785	6,951	2,738
	12,448	3,350	75,644	5,795

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National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the parent					Non – controlling interests		Total Equity
	Share capital (Unaudited)	Treasury shares (Unaudited)	Translation reserve (Unaudited)	Other reserves (Unaudited)	Retained earnings (Unaudited)	Total (Unaudited)	(Unaudited)	
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
At 1 January 2023	50,403	(3,598)	(329,672)	248,411	580,929	546,473	89,002	635,475
Profit for the period	-	-	-	-	64,373	64,373	5,883	70,256
Other comprehensive income / (loss)	-	-	4,401	(81)	-	4,320	1,068	5,388
Total comprehensive income/(loss) for the period	-	-	4,401	(81)	64,373	68,693	6,951	75,644
Transactions with shareholders of the parent, recognised directly in equity								
Dividend for 2022 (Note 15)	-	-	-	-	(35,081)	(35,081)	-	(35,081)
Transactions with non-controlling interests, recognised directly in equity								
Dividend for 2022	-	-	-	-	-	-	(7,501)	(7,501)
Transactions with non-owners of the Group, recognised directly in equity								
Transfer to employee association fund	-	-	-	-	(112)	(112)	(38)	(150)
At 30 June 2023	50,403	(3,598)	(325,271)	248,330	610,109	579,973	88,414	668,387
At 1 January 2022	50,403	(3,598)	(315,975)	244,656	563,265	538,751	93,988	632,739
Profit for the period	-	-	-	-	20,801	20,801	5,776	26,577
Other comprehensive loss	-	-	(17,744)	-	-	(17,744)	(3,038)	(20,782)
Total comprehensive (loss)/ income for the period	-	-	(17,744)	-	20,801	3,057	2,738	5,795
Transactions with shareholders of the parent, recognised directly in equity								
Dividend for 2021 (Note 15)	-	-	-	-	(17,541)	(17,541)	-	(17,541)
Transactions with non-controlling interests, recognised directly in equity								
Dividend for 2021	-	-	-	-	-	-	(7,814)	(7,814)
Transactions with non-owners of the Group, recognised directly in equity								
Transfer to employee association fund	-	-	-	-	(114)	(114)	(38)	(152)
At 30 June 2022	50,403	(3,598)	(333,719)	244,656	566,411	524,153	88,874	613,027

The accompanying notes from 1 to 22 form an integral part of this condensed consolidated interim financial information

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		Six-month period ended 30 June	
	Note	2023 (Unaudited) KD'000	2022* (Unaudited) KD'000
Cash flows from operating activities			
Profit before income tax		83,414	33,022
Adjustments for:			
Depreciation and amortisation	5,6,7	64,036	65,693
Impairment losses on financial assets		7,430	3,774
Gain on disposal of property, plant and equipment		(363)	(494)
Gain on early termination of lease		(78)	-
Finance costs		4,423	4,209
Finance income		(2,708)	(1,546)
Provisions for site restoration and legal cases		329	-
Provision for KFAS, NLST and Zakat	14	2,767	648
Provision for slow moving inventory		851	(115)
Provision for employees' benefits		1,106	1,056
Operating profit before working capital changes		161,207	106,247
Working capital changes in:			
Other non-current assets		(93)	(878)
Inventories		(953)	(6,029)
Contract costs		(682)	(67)
Trade and other receivables		(22,386)	(12,854)
Other non-current liabilities		(518)	7,347
Trade and other payables		(23,458)	(33,587)
Deferred income		(788)	1,067
Contract liabilities		538	94
Cash generated from operations		112,867	61,340
Employees' benefits paid		(534)	(1,072)
Provisions for site restoration and legal cases paid		(161)	-
Income tax paid		(14,427)	(5,886)
Net cash generated from operating activities		97,745	54,382
Cash flows from investing activities			
Increase in term deposits		(23,583)	(2,824)
Acquisition of property, plant and equipment	5	(26,715)	(30,012)
Proceeds from disposal of property, plant and equipment		439	584
Acquisition of intangible assets	6	(2,476)	(1,979)
Interest received		2,708	1,546
Net cash used in investing activities		(49,627)	(32,685)
Cash flows from financing activities			
Finance costs paid		(1,139)	(1,079)
Dividend paid to shareholders of the parent		(34,687)	(17,432)
Dividend paid to non-controlling interests		(768)	(3,213)
Payment to employee association fund		(150)	(152)
Proceeds from loans and borrowings		16,021	26,069
Repayments of loans and borrowings		(4,879)	(27,378)
Payments of lease liabilities including interest	11	(18,363)	(14,899)
Net cash used in financing activities		(43,965)	(38,084)
Net decrease in cash and cash equivalents		4,153	(16,387)
Effect of exchange rate fluctuations		(3,671)	(877)
Cash and cash equivalents at the beginning of the year		119,350	96,895
Cash and cash equivalents at the end of the year	8	119,832	79,631

*Refer to note 22 for details regarding certain reclassifications

The accompanying notes from 1 to 22 form an integral part of this condensed consolidated interim financial information.

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

1. REPORTING ENTITY

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 Group’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 operates under a licence from the Ministry of Communications, State of Kuwait and elsewhere through subsidiaries in the Middle East, North Africa region and Maldives. The Company’s shares are listed on the Boursa Kuwait.

The Company is a subsidiary of Ooredoo International Investments L.L.C., (“the Parent Company”), a subsidiary of Ooredoo Q.P.S.C. (“Ooredoo” or “the Ultimate Parent Company”), which is a Qatari shareholding company listed on the Qatar Exchange.

The address of the Company’s registered office is Ooredoo Tower, Soor Street, Kuwait City, State of Kuwait, P.O. Box 613, Safat 13007, State of Kuwait.

This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 25 July 2023.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting. The condensed consolidated interim financial information does not include all the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

Operating results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

The condensed consolidated interim financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group, which are effective for annual reporting period starting from 1 January 2023.

Amendments and/or annual improvements to IFRSs which are effective for annual accounting period starting from 1 January 2023 did not have any material impact on the accounting policies, financial position or performance of the Group.

Changes to significant accounting policies

1. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Amendments to IFRS 17 and IFRS 4 - Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The amendments listed above did not have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current period.

2. Impact of new standards (issued but not yet adopted by the Group)

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been adopted by the Group. The management of the Group is in the process of assessing the impact of these new standards, interpretation and amendments which will be adopted in the Group's financial statements as and when they are applicable.

4. JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated interim 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 condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 31 December 2022.

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
Net book value at beginning of the period/year	419,306	434,978	434,978
Additions	26,715	80,158	30,012
Disposal	(76)	(247)	(90)
Depreciation charge for the period/year	(44,975)	(95,662)	(47,821)
Transfers	(116)	(235)	(156)
Currency translation effects	3,658	314	(9,242)
Net book value at the end of the period/year	404,512	419,306	407,681

6. INTANGIBLE ASSETS AND GOODWILL

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
Net book value at beginning of the period/year	259,500	282,835	282,835
Additions	2,476	4,478	1,979
Amortization charge for the period/year	(7,007)	(13,841)	(6,870)
Transfers	116	826	156
Currency translation effects	2,672	(14,798)	(13,910)
Net book value at the end of the period/year	257,757	259,500	264,190

The Group determines whether goodwill or intangible assets with indefinite useful lives are impaired, at least on an annual basis unless there are any indicators of impairment. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on value-in-use calculations or fair value less cost to sell if that is higher.

Goodwill of KD 148,209 thousand (31 December 2022: KD 146,604 thousand and 30 June 2022: KD 147,660 thousand) is allocated to Ooredoo Tunisie S.A. and KD 1,927 thousand (31 December 2022: KD 1,927 thousand and 30 June 2022: KD 1,927) to Fast Telecommunications Company W.L.L. The recoverable amounts of these CGUs were based on its value in use estimated by discounting the future cash flows to be generated from the continuing use of these CGUs. As at 31 December 2022, the estimated recoverable amounts of Ooredoo Tunisie S.A. and Fast Telecommunications Company W.L.L. were more than the respective carrying values and management believes that no change took place to this assessment as of 30 June 2023.

7. RIGHT-OF-USE ASSETS

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
Net book value at beginning of the period/year	120,167	114,545	114,545
Additions	17,743	30,758	10,608
Reduction on early termination	(1,570)	(1,081)	(581)
Depreciation charge for the period/year	(12,054)	(23,300)	(11,002)
Currency translation effects	755	(755)	(1,988)
Net book value at the end of the period/year	125,041	120,167	111,582

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed consolidated interim statement of cash flows comprise the following items:

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
Bank balances and cash	182,684	158,601	110,057
Expected credit loss	(111)	(93)	(86)
Bank balances and cash in the condensed consolidated interim statement of financial position	182,573	158,508	109,971
Less:			
Deposits with maturity of more than three months	(44,618)	(18,416)	(11,128)
Restricted deposits	(18,123)	(20,742)	(19,212)
Cash and cash equivalents as per condensed consolidated interim statement of cash flows	119,832	119,350	79,631

Deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest on the respective deposit rates ranging from 1.24% to 10.85% (31 December 2022: 1.24% to 10.7% and 30 June 2022: 1.24% to 3.5%).

9. OTHER RESERVES

	Share premium KD'000	Statutory reserve KD'000	Voluntary reserve KD'000	Gain on sale of treasury shares KD'000	Fair value reserve KD'000	Other reserves KD'000	Total reserves KD'000
At 1 January 2023	66,634	32,200	142,922	6,914	(3,671)	3,412	248,411
Other comprehensive Loss for the period	-	-	-	-	(81)	-	(81)
At 30 June 2023	66,634	32,200	142,922	6,914	(3,752)	3,412	248,330
At 1 January 2022	66,634	32,200	138,778	6,914	(3,282)	3,412	244,656
Other comprehensive Loss for the period	-	-	-	-	-	-	-
At 30 June 2022	66,634	32,200	138,778	6,914	(3,282)	3,412	244,656

10. LOANS AND BORROWINGS

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
Current portion			
Due to local banks	12,019	-	6,070
Due to local banks related to subsidiaries	7,187	7,866	10,726
	19,206	7,866	16,796
Non-current portion			
Due to local banks related to subsidiaries	7,779	7,873	10,639

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

10 LOANS AND BORROWINGS (CONTINUED)

The details of loans and borrowings are as follows:

Description	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
a) Unsecured debts of the Parent Company are due to banks in Kuwait which are subject to financial covenants over the terms of those debts. There are denominated in Kuwaiti Dinar.	12,019	-	6,070
b) Unsecured debts of Ooredoo Tunisie S.A. are due to banks in Tunisia which are subject to certain financial covenants to be complied on an annual basis. These are denominated in Tunisian Dinar.	2,253	3,330	5,794
c) Debts are due to banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited. These are denominated in US Dollar.	12,713	12,409	15,571
	26,985	15,739	27,435

11 LEASE LIABILITIES

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
At the beginning of the period/year	125,420	120,853	120,853
Additions	17,743	30,758	10,608
Interest expense on lease liabilities	3,284	6,635	3,095
Payment of lease liabilities including interest	(18,363)	(30,639)	(14,899)
Reduction on early termination	(1,648)	(1,080)	(581)
Exchange adjustments	(2,763)	(1,107)	(2,533)
At the end of the period/year	123,673	125,420	116,543
Non-current portion	102,000	102,968	96,183
Current portion	21,673	22,452	20,360
	123,673	125,420	116,543

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12. TRADE AND OTHER PAYABLES

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
Trade payables	87,164	84,337	80,848
Accrued expenses	122,416	141,297	114,675
Other tax payables	16,045	18,221	17,126
Staff payables	13,146	19,794	12,509
Dividend payables	17,839	10,712	11,653
Other payables	10,357	8,937	10,023
	266,967	283,298	246,834

13. REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following revenue streams. The disclosure of revenue by streams is consistent with the revenue information that is disclosed for each reportable segment under (note 21).

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 (Unaudited) KD'000	2022 (Unaudited) KD'000	2023 (Unaudited) KD'000	2022 (Unaudited) KD'000
Revenue from rendering of services	143,693	135,134	281,829	269,263
Sale of telecommunication equipment	19,018	17,884	35,935	36,451
Others	207	189	407	369
	162,918	153,207	318,171	306,083
At a point in time	19,018	17,884	35,935	36,451
Overtime	143,900	135,323	282,236	269,632
	162,918	153,207	318,171	306,083

14. CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 (Unaudited) KD'000	2022 (Unaudited) KD'000	2023 (Unaudited) KD'000	2022 (Unaudited) KD'000
KFAS	(92)	(124)	(675)	(218)
NLST	(266)	(143)	(1,495)	(307)
Zakat	(106)	(58)	(597)	(123)
	(464)	(325)	(2,767)	(648)

15. DIVIDEND

The Annual General Assembly of the Parent Company held on 9 March 2023, approved the consolidated financial statements of the Group for the year ended 31 December 2022 and the payment of cash dividend of 70 fils per share for the year ended 31 December 2022 (2021: cash dividend of 35 fils per share for the year ended 31 December 2021) to the Parent Company's equity shareholders existing as at 2 April 2023.

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16. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings for the period attributable to the shareholders of the parent by the weighted average number of shares outstanding during the period.

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit for the year attributable to shareholders of the parent (KD'000)	11,332	12,372	64,373	20,801
<i>Number of shares outstanding:</i>				
Weighted average number of paid up shares (000's)	504,033	504,033	504,033	504,033
Weighted average number of treasury shares (000's)	(2,871)	(2,871)	(2,871)	(2,871)
Weighted average number of outstanding shares (000's)	501,162	501,162	501,162	501,162
Basic and diluted earnings per share (fils)	23	25	128	42

17. RELATED PARTY DISCLOSURES

Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, 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. Balances and transactions with related parties are as follows:

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited) KD'000
a) Balances included in the consolidated statement of financial position			
<i>Payable to:</i>			
Ooredoo Group L.L.C – fellow subsidiary	18,801	19,195	16,180
Ooredoo IP L.L.C – fellow subsidiary	3,038	2,673	2,399
Ooredoo Oman – fellow subsidiary	-	24	-
<i>Receivable from:</i>			
Ultimate parent company	487	435	685
Asiacell Communications PJSC - fellow subsidiary	287	390	229
Others – fellow subsidiary	19	-	16

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17 RELATED PARTY DISCLOSURES (CONTINUED)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 (Unaudited) KD'000	2022 (Unaudited) KD'000	2023 (Unaudited) KD'000	2022 (Unaudited) KD'000
b) Transactions included in the consolidated statement of profit or loss				
<i>Revenue from:</i>				
Ultimate parent company	131	721	560	1,647
Others - fellow subsidiary	(333)	-	13	-
<i>Operating expenses to:</i>				
Ultimate parent company	(334)	(933)	84	185
Others - fellow subsidiary	(414)	-	12	-
Management fees to Ooredoo Group L.L.C – fellow subsidiary	3,634	3,418	7,077	6,835
Brand license fees to Ooredoo IP L.L.C - fellow subsidiary	1,187	1,127	2,321	2,234
	4,821	4,545	9,398	9,069
c) Compensation of key management personnel:				
Short term benefits	2,416	1,826	4,372	3,823
Termination benefits	236	86	420	231
	2,652	1,912	4,792	4,054

During the period, the Group has entered into transactions with related parties on terms approved by the management.

18 PROVISIONS

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited)* KD'000	30 June 2022 (Unaudited)* KD'000
Current portion			
Legal, regulatory, and other provisions	18,535	18,155	15,996
Non-current portion			
Site Restoration Provision	7,746	7,644	7,468

* Refer to note 22 for details regarding certain changes in comparative information.

(i) Other provisions include provisions relating to certain legal, commercial, and other regulatory related matters, including provisions relating to certain Group subsidiaries.

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19 COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATIONS

	30 June 2023 (Unaudited) KD'000	31 December 2022 (Audited) KD'000	30 June 2022 (Unaudited)
a) Capital commitments			
For the acquisition of property and equipment	37,940	28,045	33,493
For the acquisition of mobile license in a subsidiary*	52,004	51,723	51,912
	89,944	79,768	85,405
b) Contingent liabilities			
Letters of guarantee	7,670	5,254	5,252
Letters of credit	9,104	9,055	8,888
	16,774	14,309	14,140

Litigation and claims:

- * In September 2019, the Minister of Finance and Minister of Telecom and IT (MTIT) issued a letter notifying Ooredoo Palestine to pay the remaining unpaid second and third payment of the license fee. The unpaid portion of the license cost of KD 52,004 thousand represents the unrecognized liability in the condensed consolidated interim financial information resulting from MTIT not fulfilling its obligations in relation with granting the Company access to Gaza and 3G frequencies amongst other things. Management, supported by their external legal advisors, is of the view that Ooredoo Palestine has strong grounds to defend these claims.
- (a) In October 2019, the Algerian Central Bank claimed an amount of KD 22,843 thousand in respect of certain alleged foreign currency violations by WTA. Currently, WTA's appeal against this claim is in the Court of Cassation.
- (b) In October 2019, a third-party vendor of WTA obtained an order from the Judicial Authorities of Algeria to block an amount of KD 1,945 thousand from WTA's bank account. WTA appealed to the Court against this.
- (c) Claims against Ooredoo Maldives PLC amounting to KD 1,336 thousand from the First Instance Civil Court of Maldives citing breach of contract based on a civil case filed by a third party. Ooredoo Maldives PLC has appealed against this claim in the High Court of Maldives in January 2019 and received a favourable decision on 30 August 2021.
- (d) A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the Ministry of Communications since 26 July 2011 was invalidated by the Kuwait Court of Cassation in April 2017. Accordingly, the Group has contingent assets in the form of recovery of excess regulatory tariff paid. In Mar-2023, the court of cassation rendered its ruling in favour of the Group for a part of the contingent asset by enforcing CITRA and MOC to compensate the company a sum of KD 43,817 thousand for the period till August 2016. The Group completed the execution process and received the full amount of the judgement. The Group has already filled claims to recover remaining excess regulatory tariff for the period from August 2016 till date.

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20 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 2022.

21 SEGMENT INFORMATION

The Group is mainly engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the MENA. Outside of Kuwait, the Group operates through its subsidiaries and major operations are considered by the Group to be reportable segments. Revenue is attributed to reportable segments based on the location of the Group companies. Inter-segment sales are charged at arms' length prices.

For management reporting purposes, the Group is organised into business units based on their geographical area covered. Apart from its operations in Kuwait, the Group also operates through its foreign subsidiaries in Algeria, Tunisia, Maldives and Palestine.

Management monitors the operating results of its operating subsidiaries separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of these reportable segments. Transfer pricing between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

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21 SEGMENT INFORMATION (CONTINUED)

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments.

	Inside Kuwait	Tunisia	Algeria	Maldives	Others	Un-allocated	Total
Six-month ended: (KD '000)							
30 June 2023 (Unaudited)							
Segment revenues	122,902	59,496	98,521	20,188	17,064	-	318,171
Segment profit before tax	48,947	9,365	16,454	7,472	3,092	(1,916)	83,414
Depreciation and amortisation	(21,643)	(10,338)	(24,196)	(2,366)	(3,577)	(1,916)	(64,036)
Finance costs	(892)	(1,223)	(1,279)	(927)	(102)	-	(4,423)
Income tax	(898)	(5,633)	(4,757)	(1,118)	(752)	-	(13,158)
30 June 2022 (Unaudited)							
Segment revenues	117,002	61,999	90,749	18,814	17,519	-	306,083
Segment profit before tax	3,748	14,587	7,524	6,806	2,336	(1,979)	33,022
Depreciation and amortisation	(22,205)	(10,532)	(25,046)	(2,460)	(3,471)	(1,979)	(65,693)
Finance costs	(940)	(1,488)	(936)	(741)	(104)	-	(4,209)
Income tax	(497)	(1,948)	(2,392)	(1,094)	(514)	-	(6,445)
Three-month ended: (KD '000)							
30 June 2023 (Unaudited)							
Segment revenues	63,323	30,598	50,421	9,989	8,587	-	162,918
Segment profit before tax	3,643	6,345	7,487	3,707	1,628	(963)	21,847
Depreciation and amortisation	(10,899)	(5,284)	(12,128)	(1,186)	(1,785)	(963)	(32,245)
Finance costs	(460)	(609)	(692)	(507)	(48)	-	(2,316)
Income tax	(898)	(2,811)	(2,488)	(557)	(596)	-	(7,350)
30 June 2022 (Unaudited)							
Segment revenues	59,385	30,419	45,357	9,240	8,806	-	153,207
Segment profit before tax	2,798	7,422	3,071	3,386	1,011	(971)	16,717
Depreciation and amortisation	(11,218)	(5,228)	(12,359)	(1,259)	(1,765)	(971)	(32,800)
Finance costs	(506)	(696)	(426)	(399)	(53)	-	(2,080)
Income tax	(497)	1,134	(695)	(587)	(366)	-	(1,011)

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21 SEGMENT INFORMATION (CONTINUED)

	Inside Kuwait	Outside Kuwait				Others	Un-allocated	Total
	Tunisia	Algeria	Maldives					
As at 30 June 2023 (Unaudited) (KD 'ooo)								
Segment assets	378,295	173,270	306,673	87,319	79,922	191,959	1,217,438	
Segment liabilities	203,540	114,835	153,346	35,244	42,086	-	549,051	
As at 31 December 2022 (Audited) (KD 'ooo)								
Segment assets	355,641	170,021	309,010	83,700	80,341	191,733	1,190,446	
Segment liabilities	198,402	111,339	167,505	34,806	42,919	-	554,971	
As at 30 June 2022 (Unaudited) (KD 'ooo)								
Segment assets	334,400	164,074	277,663	77,760	74,919	195,058	1,123,874	
Segment liabilities	197,337	106,702	131,556	33,817	41,435	-	510,847	

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22 COMPARATIVE INFORMATION

During the period, the Group performed an exercise to determine if the presentation of the condensed consolidated interim financial information is in accordance with IAS1 "Presentation of financial statements". This exercise resulted in reclassification of certain line items in the condensed consolidated interim financial information. The comparative figures have been reclassified in order to conform with the presentation for the current period. Such reclassifications have been made by the Group to improve the quality of information presented and did not have any impact on the quality of information presented and did not have any impact on the previously reported equity and profits.

Below is a summary of significant reclassifications made during the period:

	Previous	Reclassification	Current	Notes
	KD' 000	KD' 000	KD' 000	
Consolidated statement of financial position as at 31 December 2022				
Other non-current liabilities	25,652	(7,644)	18,008	Reclassification of the provision for site restoration from other non-current liabilities to a separate line item in the consolidated statement of financial position.
Provisions – non-current	-	7,644	7,644	
Trade and other payables	319,557	(36,259)	283,298	Reclassification of KFAS, Zakat and NLST payable and related provision from trade and other payables to income tax and other tax related payables and provisions related to litigations to a provision line.
Provisions – current	-	18,155	18,155	
Income tax and other tax related payables	16,741	18,104	34,845	
Condensed consolidated interim statement of financial position as at 30 June 2022				
Other non-current liabilities	25,924	(7,468)	18,456	Reclassification of the provision for site restoration from other non-current liabilities to a separate line item in the condensed consolidated interim statement of financial position.
Provisions – non-current	-	7,468	7,468	
Trade and other payables	280,813	(33,979)	246,834	Reclassification of KFAS, Zakat and NLST payable and related provision from trade and other payables to income tax and other tax related payables and provisions related to litigations to a provision line.
Provisions – current	-	15,996	15,996	
Income tax and other tax related payables	9,413	17,983	27,396	

The effects of the reclassifications in the tables above have accordingly been mirrored in the comparative period's condensed consolidated interim statement of cash flows with no impact on net cash generated from operating activities, net cash used in investing activities or net cash used in financing activities.