

**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 2016 to 31 March 2016  
(Unaudited)**

**National Mobile Telecommunications Company K.S.C.P. and Subsidiaries**  
**Interim condensed consolidated financial information and independent auditors' review report**  
**(Unaudited)**  
*For the period from 1 January 2016 to 31 March 2016*

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<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 (unaudited)	3
Interim condensed consolidated statement of profit or loss (unaudited)	4
Interim condensed consolidated statement of comprehensive income (unaudited)	5
Interim condensed consolidated statement of changes in equity (unaudited)	6
Interim condensed consolidated statement of cash flows (unaudited)	7
Notes to the interim condensed consolidated financial information (unaudited)	8 – 17



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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") and subsidiaries (together referred to as "the Group"), which comprises the interim condensed consolidated statement of financial position as at 31 March 2016, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month period ended 31 March 2016, the interim condensed consolidated statements of 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 International Accounting Standard 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 accompanying interim condensed consolidated financial information as at 31 March 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

**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. 1 of 2016 and the Executive Regulations of Law No. 25 of 2012, as amended, or the Memorandum of Incorporation and Articles of Association of the Company during the three-month period ended 31 March 2016 that might have had material effect on the Company's activities or on its financial position.



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**Kuwait: 26 April 2016**

## Interim condensed consolidated statement of financial position (Unaudited)

As at 31 March 2016

	Note	31 March 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	31 March 2015 KD 000's (Unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		650,836	660,803	665,108
Intangible assets and goodwill		474,238	453,205	499,266
Available for sale financial assets		6,262	6,438	6,479
Deferred tax asset		2,234	2,046	2,246
Other non-current assets		297	295	296
		<u>1,133,867</u>	<u>1,122,787</u>	<u>1,173,395</u>
<b>Current assets</b>				
Inventories		33,826	34,874	30,814
Trade and other receivables		150,068	135,465	170,631
Bank balances and cash	5	151,992	114,428	94,281
		<u>335,886</u>	<u>284,767</u>	<u>295,726</u>
<b>Total assets</b>		<u>1,469,753</u>	<u>1,407,554</u>	<u>1,469,121</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		51,372	50,666	69,439
Retained earnings		549,911	589,815	568,248
<b>Equity attributable to shareholders of the Company</b>		<u>648,088</u>	<u>687,286</u>	<u>684,492</u>
Non-controlling interests		104,184	102,607	110,149
<b>Total equity</b>		<u>752,272</u>	<u>789,893</u>	<u>794,641</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term debts	6	162,932	126,775	55,257
Provision for staff indemnity		6,510	6,224	5,876
Other non-current liabilities		18,790	18,915	18,824
Deferred tax liability		169	-	-
		<u>188,401</u>	<u>151,914</u>	<u>79,957</u>
<b>Current liabilities</b>				
Trade and other payables	7	419,453	355,628	432,482
Deferred income		38,513	42,422	37,046
Income tax payable		719	720	-
Long term debts	6	70,395	66,977	124,995
		<u>529,080</u>	<u>465,747</u>	<u>594,523</u>
<b>Total liabilities</b>		<u>717,481</u>	<u>617,661</u>	<u>674,480</u>
<b>Total equity and liabilities</b>		<u>1,469,753</u>	<u>1,407,554</u>	<u>1,469,121</u>



Saud Bin Nasser Al Thani  
Chairman



Chairman Office مكتب الرئيس

The accompanying notes set out on pages 8 to 17 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 profit or loss (Unaudited)**  
*For the period from 1 January 2016 to 31 March 2016*



	Note	Three month period ended 31 March	
		2016	2015
		KD 000's (Unaudited)	KD 000's (Unaudited)
Revenue		175,280	174,314
Operating expenses		(76,375)	(71,252)
Selling, general and administrative expenses		(46,682)	(49,999)
Depreciation and amortisation		(35,469)	(35,789)
Finance costs – net	10	(2,597)	(2,211)
Impairment loss on available for sale financial assets		(134)	-
Other income/(expenses) – net	11	873	(10,952)
<b>Profit before provision for Directors' remuneration, provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat</b>		<b>14,896</b>	<b>4,111</b>
Provision for Directors' remuneration		(180)	(151)
Provision for contribution to KFAS, NLST and Zakat	12	(548)	(138)
<b>Profit before taxation</b>		<b>14,168</b>	<b>3,822</b>
Taxation related to subsidiaries		(1,790)	(2,860)
<b>Profit for the period</b>		<b>12,378</b>	<b>962</b>
<i>Attributable to:</i>			
- Shareholders of the Company		10,212	2,241
- Non-controlling interests		2,166	(1,279)
		<b>12,378</b>	<b>962</b>
<b>Basic and diluted earnings per share (fils)</b>	9	<b>20.38</b>	<b>4.47</b>

The accompanying notes set out on pages 8 to 17 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 comprehensive income**  
**(Unaudited)**



*For the period from 1 January 2016 to 31 March 2016*

	<b>Three month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>KD 000's</b>	<b>KD 000's</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>12,378</b>	<b>962</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	(177)	(568)
Impairment loss on available for sale financial assets transferred to the interim condensed consolidated statement of profit or loss	134	-
Exchange differences arising on translation of foreign operations and fair value reserves	160	(24,060)
<b>Total other comprehensive income/(loss) for the period</b>	<b>117</b>	<b>(24,628)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>12,495</b>	<b>(23,666)</b>
<i>Attributable to:</i>		
- Shareholders of the Company	10,918	(17,368)
- Non-controlling interests	1,577	(6,298)
	<b>12,495</b>	<b>(23,666)</b>

The accompanying notes set out on pages 8 to 17 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 2016 to 31 March 2016*



	Share capital KD 000's	Treasury shares KD 000's	Reserves							Total reserves KD 000's	Retained earnings KD 000's	Equity attributable to shareholders of the Company KD 000's	Non-controlling interests KD 000's	Total equity KD 000's
			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	Other reserves KD 000's					
Balance at 1 January 2016	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
<b>Comprehensive income</b>														
Profit for the period	-	-	-	-	-	-	-	-	-	-	10,212	10,212	2,166	12,378
Other comprehensive income for the period	-	-	-	-	-	-	(43)	749	-	706	-	706	(589)	117
Total comprehensive income for the period	-	-	-	-	-	-	(43)	749	-	706	10,212	10,918	1,577	12,495
Dividend (note 8)	-	-	-	-	-	-	-	-	-	-	(50,116)	(50,116)	-	(50,116)
<b>Balance at 31 March 2016</b>	<b>50,403</b>	<b>(3,598)</b>	<b>66,634</b>	<b>32,200</b>	<b>120,717</b>	<b>6,914</b>	<b>(179)</b>	<b>(178,326)</b>	<b>3,412</b>	<b>51,372</b>	<b>549,911</b>	<b>648,088</b>	<b>104,184</b>	<b>752,272</b>
Balance at 1 January 2015	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 period	-	-	-	-	-	-	-	-	-	-	2,241	2,241	(1,279)	962
Other comprehensive loss for the period	-	-	-	-	-	-	(568)	(19,041)	-	(19,609)	-	(19,609)	(5,019)	(24,628)
Total comprehensive loss for the period	-	-	-	-	-	-	(568)	(19,041)	-	(19,609)	2,241	(17,368)	(6,298)	(23,666)
Dividend (note 8)	-	-	-	-	-	-	-	-	-	-	(35,081)	(35,081)	-	(35,081)
<b>Balance at 31 March 2015</b>	<b>50,403</b>	<b>(3,598)</b>	<b>66,634</b>	<b>32,200</b>	<b>117,854</b>	<b>6,914</b>	<b>(145)</b>	<b>(157,430)</b>	<b>3,412</b>	<b>69,439</b>	<b>568,248</b>	<b>684,492</b>	<b>110,149</b>	<b>794,641</b>

The accompanying notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.



		<b>Three month period ended 31 March</b>	
	<b>Note</b>	<b>2016 KD 000's (Unaudited)</b>	<b>2015 KD 000's (Unaudited)</b>
<b>Cash flows from operating activities</b>			
Net profit for the period		<b>12,378</b>	962
<b>Adjustments for:</b>			
Depreciation and amortisation		<b>35,469</b>	35,789
Finance income	10	<b>(330)</b>	(332)
Provision for impairment of receivables		<b>1,141</b>	2,189
Impairment loss on available for sale financial assets		<b>134</b>	-
Taxation relating to subsidiaries		<b>1,790</b>	2,860
Gain on sale of property and equipment and intangible assets		<b>3</b>	(763)
Finance costs	10	<b>2,927</b>	2,543
Provision for KFAS, NLST and Zakat	12	<b>548</b>	138
Provision for staff indemnity		<b>430</b>	407
		<b>54,490</b>	43,793
<i>Changes in:</i>			
Trade and other receivables and other non-current assets		<b>(15,735)</b>	26,222
Inventories		<b>1,034</b>	4,024
Trade and other payables and other non-current liabilities		<b>8,206</b>	(51,484)
<b>Cash generated from operations</b>		<b>47,995</b>	22,555
Provision for staff indemnity paid		<b>(135)</b>	(146)
<b>Net cash generated from operating activities</b>		<b>47,860</b>	22,409
<b>Cash flows from investing activities</b>			
Decrease / (increase) in term deposits		<b>44,418</b>	(851)
Purchase of property and equipment		<b>(24,305)</b>	(27,053)
Proceeds from disposal of property and equipment		<b>16</b>	1,026
Purchase of intangible assets		<b>(25,926)</b>	(1,425)
Finance income received		<b>330</b>	332
<b>Net cash used in investing activities</b>		<b>(5,467)</b>	(27,971)
<b>Cash flows from financing activities</b>			
Finance costs paid		<b>(2,927)</b>	(2,543)
Dividends paid		<b>(907)</b>	-
Dividends paid by subsidiary to non-controlling interest		<b>-</b>	(6,904)
Net increase in term debts		<b>41,740</b>	318
<b>Net cash generated from / (used in) financing activities</b>		<b>37,906</b>	(9,129)
<b>Effect of foreign currency translation</b>		<b>1,683</b>	18,722
<b>Net change in cash and cash equivalents</b>		<b>81,982</b>	4,031
Cash and cash equivalents at beginning of the period		<b>59,782</b>	82,357
<b>Cash and cash equivalents at end of the period</b>	5	<b>141,764</b>	86,388

The accompanying notes set out on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

## **1. INCORPORATION AND ACTIVITIES**

National Mobile Telecommunications Company K.S.C.P. (“the Company”) is a Kuwaiti shareholding company incorporated by Amiri Decree on 10 October 1997. The Company and its subsidiaries (together referred to as “the Group”) are engaged in the following:

- Purchase, supply, installation, management and maintenance of wireless sets and equipment, mobile telephone services, pager system and other telecommunication services;
- Import and export of sets, equipment and instruments necessary for the purposes of the Company;
- Purchase or hiring communication lines and facilities necessary for providing the Company’s services in co-ordination with the services provided by the State, but without interference or conflict herewith;
- Purchase of manufacturing concessions directly related to the Company’s services from manufacturers or producing them in Kuwait;
- Introduction or management of other services of similar nature and supplementary to telecommunications services with a view to upgrade such services or rendering them integrated;
- Conduct technical research relating to the Company’s business in order to improve and upgrade the Company’s services in co-operation with competent authorities within Kuwait and abroad;
- Purchase and holding of lands, construction and building of facilities required for achieving the Company’s objectives;
- Purchase of all materials and machineries needed to undertake the Company’s activities as well as their maintenance in all possible modern methods;
- Use of financial surplus available at the Company by investing the same in portfolios managed by specialised companies and parties as well as authorising the board to undertake the same; and
- The Company may have interest or in any way participate with corporate and organisations which practice similar activities or which may assist it in achieving its objectives in Kuwait or abroad. It may acquire such corporates, or make them subsidiaries.

The Company operates under a licence from the Ministry of Communications, State of Kuwait and also elsewhere through subsidiaries in the Middle East and North Africa (MENA) region and Maldives. The Company’s shares were listed on the Kuwait Stock Exchange in July 1999 and commercial operations began in December 1999. In 2014, the Company changed its brand name from “Wataniya” to “Ooredoo”.

The Company is a subsidiary of Ooredoo International Investment LLC (“The Parent Company”), which in turn is a subsidiary of Ooredoo Q.S.C. (“the Ultimate Parent Company”), a Qatari shareholding company whose shares are listed on the Qatar Exchange.

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

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 26 April 2016.

The new Companies Law No.1 of 2016 (“the new law”) issued on 24 January 2016 and published in the Official Gazette on 1 February 2016, cancelled Companies Law No. 25 of 2012, and its amendments. According to Article No. 5, the new law will be effective retrospectively from 26 November 2012, and that the Executive Regulations of the Companies Law No. 25 of 2012 will continue until a new set of Executive Regulations are listed.

## **2. BASIS OF PREPARATION**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the interim condensed consolidated financial information of the Group.

## 2. BASIS OF PREPARATION (CONTINUED)

This interim condensed consolidated financial information does not include all of the information required for full annual audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, 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 2016 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

### *Standards issued but not yet effective*

Standard issued during the period ended 31 March 2016 but not yet effective is listed below:

#### *IFRS 16 – Leases*

In January 2016, the IASB issued IFRS 16 Leases. The new standard requires lessees to recognise assets and liabilities for most leases on-balance sheet. Lessees applying IFRS 16 will have a single accounting model, with certain exemptions. Lessors applying IFRS 16 will classify leases using the same principle as in IAS 17 and lessor accounting is substantially unchanged.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group intends to adopt this standard when it becomes effective. The Group is in the process of quantifying the impact of this standard on the Group's financial statements, when adopted.

## 4. JUDGEMENTS AND ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.



## 5. BANK BALANCES AND CASH

	31 March 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	31 March 2015 KD 000's (Unaudited)
Bank balances and cash	114,866	57,262	82,541
Deposits	37,126	57,166	11,740
Bank balances and cash in the interim condensed consolidated statement of financial position	151,992	114,428	94,281
Less: Deposits with original maturities of three months or more	(10,228)	(54,646)	(7,893)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	141,764	59,782	86,388

The effective interest rate on interest earning deposits ranged from 1.75% to 5.72% per annum (31 December and 31 March 2015: 1.75% to 6.9% per annum).

Bank balances and cash include KD 48 thousand (31 December and 31 March 2015: KD 50 thousand and KD 32 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 7 thousand (31 December and 31 March 2015: KD 7 thousand) restricted in accordance with a subsidiary's syndicated loan agreement.

## 6. LONG TERM DEBTS

	31 March 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	31 March 2015 KD 000's (Unaudited)
<b>Current portion</b>			
Due to local banks	8,000	-	56,600
Due to local banks related to subsidiaries	59,461	63,063	66,905
Due to foreign banks	2,934	3,914	1,490
	70,395	66,977	124,995
<b>Non-current portion</b>			
Due to local banks related to subsidiaries	150,531	114,402	47,804
Due to foreign banks	12,401	12,373	7,453
	162,932	126,775	55,257

Long term debts amounting to KD 119,630 thousand (31 December and 31 March 2015: KD 127,522 thousand and KD 52,661 thousand respectively) are secured by pledges on Wataniya Telecom Algeria S.P.A.'s ("WTA") assets. In addition, WTA is subject to various obligations and financial covenants over the terms of those debts.

Long term debts amounting to KD 20,004 thousand (31 December and 31 March 2015: KD 20,922 thousand and KD 22,971 thousand respectively) are secured by Wataniya Palestine Mobile Telecom Limited's ("WPT") assets.



## 6. LONG TERM DEBTS (CONTINUED)

Long term debts amounting to KD 8,000 thousand (31 December and 31 March 2015: Nil and KD 56,600 thousand respectively) are secured by promissory notes signed by the Company as guarantee of the loan.

Long term debts amounting to KD 81,658 thousand (31 December and 31 March 2015: KD 41,396 thousand and KD 45,065 thousand respectively) are not secured by any pledge by Ooredoo Tunisie S.A., but the loan arrangements contain financial covenants to be tested on an annual basis.

Long term debts amounting to KD 4,035 thousand (31 December and 31 March 2015: KD 3,912 thousand and KD 2,955 thousand respectively) are secured by Ooredoo Maldives Private Limited's (previously "WTM") fixed deposits.

## 7. TRADE AND OTHER PAYABLES

	<b>31 March 2016 KD 000's (Unaudited)</b>	<b>31 December 2015 KD 000's (Audited)</b>	<b>31 March 2015 KD 000's (Unaudited)</b>
Accruals	<b>172,909</b>	172,824	211,289
Trade payables	<b>87,598</b>	79,410	84,923
Amounts due to related parties (note 13)	<b>47,814</b>	41,611	40,861
Other tax payables	<b>11,822</b>	14,485	15,867
Staff payables	<b>11,204</b>	13,485	9,614
Dividends payable	<b>59,560</b>	10,320	42,152
Other payables	<b>28,546</b>	23,493	27,776
	<b>419,453</b>	355,628	432,482

## 8. DIVIDEND

The Annual General Assembly of the Company, held on 24 March 2016, approved the consolidated financial statements of the Group for the year ended 31 December 2015 and the payment of cash dividend of 100 fils per share amounting to KD 50,116 thousand for the year ended 31 December 2015 (2015: cash dividend of 70 fils per share amounting to KD 35,081 thousand for the year ended 31 December 2014) to the Company's equity shareholders existing as at 24 March 2016.

## 9. BASIC AND DILUTED EARNINGS PER SHARE

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

	<b>Three month period ended 31 March</b>	
	<b>2016 (Unaudited)</b>	<b>2015 (Unaudited)</b>
Profit for the period attributable to shareholders of the Company (KD 000's)	<b>10,212</b>	2,241
Number of shares outstanding:		
Weighted average number of paid up shares (thousands)	<b>504,033</b>	504,033
Weighted average number of treasury shares (thousands)	<b>(2,871)</b>	(2,871)
Weighted average number of outstanding shares (thousands)	<b>501,162</b>	501,162
<b>Basic and diluted earnings per share attributable to shareholders of the Company (fils)</b>	<b>20.38</b>	4.47

There are no potential dilutive shares as at 31 March 2016 (31 December and 31 March 2015: nil).



# 10. FINANCE COSTS - NET

	Three month period ended 31 March	
	2016	2015
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
Finance income	330	332
Finance costs	(2,927)	(2,543)
	<u>(2,597)</u>	<u>(2,211)</u>

# 11. OTHER INCOME / (EXPENSES) - NET

	Three month period ended 31 March	
	2016	2015
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
Exchange loss	(1,386)	(11,654)
Other operating income	2,259	702
	<u>873</u>	<u>(10,952)</u>

# 12. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 31 March	
	2016	2015
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
KFAS	(106)	(25)
NLST	(313)	(80)
Zakat	(129)	(33)
	<u>(548)</u>	<u>(138)</u>

# 13. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, Ooredoo Q.S.C. and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and its subsidiaries which are related parties to the Company have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties are as follows:

<i>Interim condensed consolidated statement of financial position</i>	31 March 2016	31 December 2015	31 March 2015
	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Audited)	(Unaudited)
<i>Shareholders and entities related to shareholders</i>			
Payable to Ooredoo Group L.L.C.	43,542	37,247	37,564
Payable to the Ultimate Parent Company	3,299	3,258	3,004
Payable to Ooredoo IP L.L.C.	973	1,106	293
	<u>47,814</u>	<u>41,611</u>	<u>40,861</u>



### 13. RELATED PARTY TRANSACTION (CONTINUED)

*Interim condensed consolidated statement of profit or loss*

	Three month period ended 31 March	
	2016	2015
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
<i>Shareholders and entities related to shareholders</i>		
a) Management fees to Ooredoo Group L.L.C.	4,271	4,252
b) Brand license fees due to Ooredoo IP L.L.C.	600	268
c) Key management compensation:		
Short term benefits	2,940	2,452
Termination benefits	270	376
	3,210	2,828

### 14. 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 interim condensed consolidated statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



#### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1	Level 2	Total
	KD 000's	KD 000's	KD 000's
<b>31 March 2016 (Unaudited)</b>			
<i>Available for sale financial assets:</i>			
Listed equity securities	139	-	139
Unlisted equity securities	-	3,973	3,973
	<u>139</u>	<u>3,973</u>	<u>4,112</u>
<b>31 December 2015 (Audited)</b>			
<i>Available for sale financial assets:</i>			
Listed equity securities	316	-	316
Unlisted equity securities	-	3,973	3,973
	<u>316</u>	<u>3,973</u>	<u>4,289</u>
<b>31 March 2015 (Unaudited)</b>			
<i>Available for sale financial assets:</i>			
Listed equity securities	331	-	331
Unlisted equity securities	-	3,973	3,973
	<u>331</u>	<u>3,973</u>	<u>4,304</u>

At the reporting date, unlisted equity investments with a carrying value of KD 2,150 (31 December and 31 March 2015: KD 2,149 thousand and KD 2,175 respectively) 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.

There are no transfers between levels during the periods/year ended 31 March 2016, 31 December 2015 and 31 March 2015.

#### 15. COMMITMENTS AND CONTINGENT LIABILITIES

	31 March 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	31 March 2015 KD 000's (Unaudited)
<b>Capital commitments</b>			
For the acquisition of property and equipment	35,985	56,420	70,185
For the acquisition of Palestinian mobile license	48,201	48,455	48,056
	<u>84,186</u>	<u>104,875</u>	<u>118,241</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 operating expenses. The leases typically run for a period ranging from 1 to 5 years, with an option to renew the lease after that date.



## 15. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Minimum operating lease commitments under these leases are as follows:

	<b>31 March 2016 KD 000's (Unaudited)</b>	<b>31 December 2015 KD 000's (Audited)</b>	<b>31 March 2015 KD 000's (Unaudited)</b>
Not later than one year	<b>7,322</b>	7,545	8,059
Later than one year but not later than five years	<b>27,764</b>	33,997	26,757
	<b>35,086</b>	41,542	34,816
<b>Contingent liabilities</b>			
Letters of guarantee	<b>2,594</b>	4,120	3,736
Letters of credit	<b>3,019</b>	3,405	3,391
	<b>5,613</b>	7,525	7,127

## 16. 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 2015.

## 17. 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			Un-allocated KD 000's	Total KD 000's
		Tunisia KD 000's	Algeria KD 000's	Others KD 000's		
<b>Three months ended 31 March 2016</b>						
<b>(Unaudited)</b>						
Segment revenues	<u>50,012</u>	<u>33,833</u>	<u>76,914</u>	<u>14,521</u>	<u>-</u>	<u>175,280</u>
Segment results	<u>2,398</u>	<u>602</u>	<u>6,426</u>	<u>2,676</u>	<u>276</u>	<u>12,378</u>
<b>Three months ended 31 March 2015</b>						
<b>(Unaudited)</b>						
Segment revenues	<u>44,321</u>	<u>36,322</u>	<u>82,269</u>	<u>11,402</u>	<u>-</u>	<u>174,314</u>
Segment results	<u>2,977</u>	<u>3,457</u>	<u>(4,981)</u>	<u>(261)</u>	<u>(230)</u>	<u>962</u>
<b>As at 31 March 2016 (Unaudited)</b>						
Segment assets	<u>317,051</u>	<u>266,447</u>	<u>429,827</u>	<u>117,917</u>	<u>330,015</u>	<u>1,461,257</u>
Investments and other assets	<u>6,112</u>	<u>2,163</u>	<u>-</u>	<u>221</u>	<u>-</u>	<u>8,496</u>
Total assets	<u>323,163</u>	<u>268,610</u>	<u>429,827</u>	<u>118,138</u>	<u>330,015</u>	<u>1,469,753</u>
<b>As at 31 December 2015 (Audited)</b>						
Segment assets	<u>309,532</u>	<u>200,388</u>	<u>447,326</u>	<u>114,188</u>	<u>327,636</u>	<u>1,399,070</u>
Investments and other assets	<u>6,290</u>	<u>2,057</u>	<u>-</u>	<u>137</u>	<u>-</u>	<u>8,484</u>
Total assets	<u>315,822</u>	<u>202,445</u>	<u>447,326</u>	<u>114,325</u>	<u>327,636</u>	<u>1,407,554</u>
<b>As at 31 March 2015 (Unaudited)</b>						
Segment assets	<u>284,397</u>	<u>204,719</u>	<u>505,812</u>	<u>113,547</u>	<u>351,921</u>	<u>1,460,396</u>
Investments and other assets	<u>6,325</u>	<u>2,165</u>	<u>-</u>	<u>235</u>	<u>-</u>	<u>8,725</u>
Total assets	<u>290,722</u>	<u>206,884</u>	<u>505,812</u>	<u>113,782</u>	<u>351,921</u>	<u>1,469,121</u>

## **18. BUSINESS COMBINATION**

On 29 March 2016, the Company signed a Sale and Purchase Agreement (SPA) to acquire 99% ordinary equity shares of Fast Telecommunications Company W.L.L, Kuwait for a total consideration of KD 11,000 thousand. This transaction is subject to obtaining necessary approvals from relevant regulatory and government authorities and completion of certain conditions as set out in the SPA. Accordingly, this transaction has not been accounted for as a business combination during the quarter.