

**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 2015 to 30 June 2015
(Unaudited)**

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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 its subsidiaries (together referred to as "the Group"), which comprises the interim condensed consolidated statement of financial position as at 30 June 2015, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and six month periods ended 30 June 2015, the interim condensed consolidated statements of changes in equity and cash flows for the six 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 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. 25 of 2012, as amended, and its Executive Regulations or the Memorandum and Articles of Association of the Company during the six month period ended 30 June 2015 that might have had material effect on the Company's activities or on its financial position.

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Kuwait: 29 July 2015

National Mobile Telecommunications Company K.S.C.P. and Subsidiaries
Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2015



| | Note | 30 June 2015 KD 000's (Unaudited) | 31 December 2014 KD 000's (Audited) | 30 June 2014 KD 000's (Unaudited) |
|---|------|--|--|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property and equipment | | 675,725 | 697,170 | 700,592 |
| Intangible assets and goodwill | | 499,319 | 517,957 | 556,070 |
| Available for sale financial assets | | 6,480 | 7,050 | 7,667 |
| Deferred tax asset | | 2,103 | 2,649 | 1,534 |
| Other non-current assets | | 303 | 357 | 386 |
| | | <u>1,183,930</u> | <u>1,225,183</u> | <u>1,266,249</u> |
| Current assets | | | | |
| Inventories | | 37,256 | 34,838 | 32,577 |
| Trade and other receivables | | 168,956 | 198,509 | 230,637 |
| Bank balances and cash | 5 | 64,500 | 89,399 | 70,656 |
| | | <u>270,712</u> | <u>322,746</u> | <u>333,870</u> |
| Total assets | | <u>1,454,642</u> | <u>1,547,929</u> | <u>1,600,119</u> |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | | 50,403 | 50,403 | 50,403 |
| Treasury shares | | (3,598) | (3,598) | (3,598) |
| Reserves | | 72,411 | 89,048 | 120,300 |
| Retained earnings | | 580,849 | 601,088 | 598,065 |
| Equity attributable to shareholders of the Company | | <u>700,065</u> | <u>736,941</u> | <u>765,170</u> |
| Non-controlling interests | | 113,553 | 116,447 | 134,064 |
| Total equity | | <u>813,618</u> | <u>853,388</u> | <u>899,234</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Long term debts | 6 | 74,600 | 62,394 | 126,689 |
| Provision for staff indemnity | | 6,400 | 5,579 | 5,746 |
| Other non-current liabilities | | 18,917 | 18,484 | 18,058 |
| | | <u>99,917</u> | <u>86,457</u> | <u>150,493</u> |
| Current liabilities | | | | |
| Trade and other payables | 7 | 409,181 | 447,391 | 463,288 |
| Deferred income | | 36,231 | 43,153 | 32,939 |
| Income tax payable | | - | - | 2,117 |
| Long term debts | 6 | 95,695 | 117,540 | 52,048 |
| | | <u>541,107</u> | <u>608,084</u> | <u>550,392</u> |
| Total liabilities | | <u>641,024</u> | <u>694,541</u> | <u>700,885</u> |
| Total equity and liabilities | | <u>1,454,642</u> | <u>1,547,929</u> | <u>1,600,119</u> |

Saud Bin Nasser Al Thani
Chairman

Chairman Office مكتب الرئيس

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 profit or loss (Unaudited)
For the period from 1 January 2015 to 30 June 2015



| | Note | Three months period ended 30 June | | Six months period ended 30 June | |
|---|------|--------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| | | 2015 KD 000's (Unaudited) | 2014 KD 000's (Unaudited) | 2015 KD 000's (Unaudited) | 2014 KD 000's (Unaudited) |
| Revenue | | 184,773 | 196,728 | 359,087 | 379,413 |
| Operating expenses | | (74,762) | (71,720) | (146,014) | (138,106) |
| Selling, general and administrative expenses | | (50,997) | (57,637) | (100,996) | (110,755) |
| Depreciation and amortisation | | (35,462) | (35,653) | (71,251) | (71,480) |
| Finance costs - net | 10 | (1,840) | (2,015) | (4,051) | (3,707) |
| Other (expense) / income | 11 | (2,251) | 441 | (13,203) | 1,443 |
| Gain on disposal of a subsidiary | | - | - | - | 3,628 |
| 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 | | 19,461 | 30,144 | 23,572 | 60,436 |
| Provision for Directors' remuneration | | (271) | (152) | (422) | (303) |
| Provision for contribution to KFAS, NLST and Zakat | 12 | (467) | (796) | (605) | (1,687) |
| Profit before taxation | | 18,723 | 29,196 | 22,545 | 58,446 |
| Taxation related to subsidiaries | | (2,829) | (5,132) | (5,689) | (10,038) |
| Profit for the period | | 15,894 | 24,064 | 16,856 | 48,408 |
| <i>Attributable to:</i> | | | | | |
| - Shareholders of the Company | | 12,601 | 18,038 | 14,842 | 37,857 |
| - Non-controlling interests | | 3,293 | 6,026 | 2,014 | 10,551 |
| | | 15,894 | 24,064 | 16,856 | 48,408 |
| Basic and diluted earnings per share (fils) | 9 | 25.14 | 35.99 | 29.62 | 75.54 |

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

| | Three months period ended 30 June | | Six months period ended 30 June | |
|--|--|--------------------|--|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | KD 000's | KD 000's | KD 000's | KD 000's |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit for the period | 15,894 | 24,064 | 16,856 | 48,408 |
| Other comprehensive income | | | | |
| <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 | - | 1 | (568) | (40) |
| Net (gain)/loss on sale of available for sale financial assets transferred to the interim condensed consolidated statement of profit or loss (note 11) | - | (177) | - | 97 |
| Exchange differences transferred to the interim condensed consolidated statement of profit or loss | - | - | - | 685 |
| Exchange differences arising on translation of foreign operations and fair value reserves | 3,083 | (36,634) | (20,977) | (19,722) |
| Total other comprehensive income / (loss) for the period | 3,083 | (36,810) | (21,545) | (18,980) |
| Total comprehensive income / (loss) for the period | 18,977 | (12,746) | (4,689) | 29,428 |
| <i>Attributable to:</i> | | | | |
| - Shareholders of the Company | 15,573 | (13,982) | (1,795) | 22,244 |
| - Non-controlling interests | 3,404 | 1,236 | (2,894) | 7,184 |
| | 18,977 | (12,746) | (4,689) | 29,428 |

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 2015 to 30 June 2015



| | Reserves | | | | | | | | | | | Equity attributable to shareholders of the Company 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 | Other reserves KD 000's | Total reserves KD 000's | Retained earnings KD 000's | | | |
| 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 |
| Comprehensive income | | | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | - | - | 14,842 | 14,842 | 2,014 | 16,856 |
| Other comprehensive loss for the period | - | - | - | - | - | - | (568) | (16,069) | - | (16,637) | - | (16,637) | (4,908) | (21,545) |
| Total comprehensive loss for the period | - | - | - | - | - | - | (568) | (16,069) | - | (16,637) | 14,842 | (1,795) | (2,894) | (4,689) |
| Dividends (note 8) | - | - | - | - | - | - | - | - | - | - | (35,081) | (35,081) | - | (35,081) |
| Balance at 30 June 2015 | 50,403 | (3,598) | 66,634 | 32,200 | 117,854 | 6,914 | (145) | (154,458) | 3,412 | 72,411 | 580,849 | 700,065 | 113,553 | 813,618 |
| Balance at 1 January 2014 | 50,403 | (3,598) | 66,634 | 32,200 | 113,016 | 6,914 | 1,128 | (87,391) | 3,412 | 135,913 | 622,853 | 805,571 | 126,880 | 932,451 |
| Comprehensive income | | | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | - | - | 37,857 | 37,857 | 10,551 | 48,408 |
| Other comprehensive loss for the period | - | - | - | - | - | - | 57 | (15,670) | - | (15,613) | - | (15,613) | (3,367) | (18,980) |
| Total comprehensive income for the period | - | - | - | - | - | - | 57 | (15,670) | - | (15,613) | 37,857 | 22,244 | 7,184 | 29,428 |
| Dividends (note 8) | - | - | - | - | - | - | - | - | - | - | (62,645) | (62,645) | - | (62,645) |
| Balance at 30 June 2014 | 50,403 | (3,598) | 66,634 | 32,200 | 113,016 | 6,914 | 1,185 | (103,061) | 3,412 | 120,300 | 598,065 | 765,170 | 134,064 | 899,234 |

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



| | | Six months period ended 30 June | |
|---|--|------------------------------------|-----------------|
| | | 2015 | 2014 |
| | | KD 000's | KD 000's |
| | | (Unaudited) | (Unaudited) |
| Note | | | |
| Cash flows from operating activities | | | |
| | Net profit for the period | 16,856 | 48,408 |
| Adjustments for: | | | |
| | Depreciation and amortisation | 71,251 | 71,480 |
| 11 | Dividend income | (1) | (1) |
| 10 | Finance income | (457) | (908) |
| 11 | Loss on sale of available for sale financial assets | - | 97 |
| | Provision for impairment of receivables | 4,065 | 4,890 |
| | Taxation relating to subsidiaries | 5,689 | 10,038 |
| | Gain on sale of property and equipment and intangible assets | (656) | (142) |
| | Gain on sale of a subsidiary | - | (3,628) |
| 10 | Finance costs | 4,508 | 4,615 |
| 12 | Provision for KFAS, NLST and Zakat | 605 | 1,687 |
| | Provision for staff indemnity | 858 | 787 |
| | | 102,718 | 137,323 |
| <i>Changes in:</i> | | | |
| | Trade and other receivables and other non-current assets | 25,904 | (65,771) |
| | Inventories | (2,418) | (5,527) |
| | Trade and other payables and other non-current liabilities | (42,237) | (21,158) |
| | Cash generated from operations | 83,967 | 44,867 |
| | Provision for staff indemnity paid | (79) | (366) |
| | Net cash generated from operating activities | 83,888 | 44,501 |
| Cash flows from investing activities | | | |
| | Decrease / (increase) in term deposits | (1,639) | 13,566 |
| | Proceeds from sale of available for sale financial assets | - | 982 |
| | Purchase of property and equipment | (67,040) | (85,397) |
| | Proceeds from disposal of property and equipment | 692 | 400 |
| | Purchase of intangible assets | (3,919) | (2,845) |
| | Payments on disposal of a subsidiary | - | (6,044) |
| | Dividend income received | 1 | 1 |
| | Interest income received | 457 | 908 |
| | Net cash used in investing activities | (71,448) | (78,429) |
| Cash flows from financing activities | | | |
| | Finance costs paid | (4,508) | (4,615) |
| | Dividends paid | (34,474) | (71,675) |
| | Dividends paid by subsidiary to non-controlling interest | (8,830) | - |
| | Net increase in term debts | (3,908) | 31,192 |
| | Net cash used in financing activities | (51,720) | (45,098) |
| | Effect of foreign currency translation | 12,742 | 6,074 |
| | Net change in cash and cash equivalents | (26,538) | (72,952) |
| | Cash and cash equivalents at beginning of the period | 82,357 | 137,869 |
| 5 | Cash and cash equivalents at end of the period | 55,819 | 64,917 |

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 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 subsidiary.

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 Qtel International Investment LLC (Parent Company), which in turn is a subsidiary of Ooredoo Q.S.C. (“Ooredoo”) (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 July 2015.

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, since the last annual consolidated financial statements as at and for the year ended 31 December 2014. 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.

2. BASIS OF PREPARATION (CONTINUED)

Operating results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

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 2014, 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 July 2014 and did not result in any material impact on the accounting policies, financial position or performance 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 2014.

5. BANK BALANCES AND CASH

| | 30 June 2015 KD 000's (Unaudited) | 31 December 2014 KD 000's (Audited) | 30 June 2014 KD 000's (Unaudited) |
|--|--|--|--|
| Bank balances and cash | 54,070 | 57,444 | 47,765 |
| Deposits | 10,430 | 31,955 | 22,891 |
| Bank balances and cash in the interim condensed consolidated statement of financial position | 64,500 | 89,399 | 70,656 |
| Less: Deposits with original maturities of three months or more | (8,681) | (7,042) | (5,739) |
| Cash and cash equivalents in the interim condensed consolidated statement of cash flows | 55,819 | 82,357 | 64,917 |

The effective interest rate on interest earning deposits ranged from 1.75% to 6.9% per annum (31 December and 30 June 2014: 1.75% to 7.5% per annum and 1.71% to 8.6% per annum respectively).

Bank balances and cash include KD 32 thousand (31 December and 30 June 2014: KD 32 thousand and KD 68 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 30 June 2014: KD 7 thousand and KD 6 thousand respectively) restricted in accordance with a subsidiary's syndicated loan agreement.

6. LONG TERM DEBTS

| | 30 June 2015 KD 000's (Unaudited) | 31 December 2014 KD 000's (Audited) | 30 June 2014 KD 000's (Unaudited) |
|--|--|--|--|
| Current portion | | | |
| Due to local banks | 51,100 | 39,100 | - |
| Due to local banks related to subsidiaries | 42,962 | 77,121 | 51,541 |
| Due to foreign banks | 1,633 | 1,319 | 507 |
| | 95,695 | 117,540 | 52,048 |
| Non-current portion | | | |
| Due to local banks | - | - | 44,000 |
| Due to local banks related to subsidiaries | 67,515 | 54,747 | 74,131 |
| Due to foreign banks | 7,085 | 7,647 | 8,558 |
| | 74,600 | 62,394 | 126,689 |

Long term debts amounting to KD 46,026 thousand (31 December and 30 June 2014: KD 66,751 thousand and KD 73,043 thousand respectively) are supported by third party guarantees and 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 22,526 thousand (31 December and 30 June 2014: KD 22,902 thousand and KD 23,055 thousand respectively) are secured by Wataniya Palestine Mobile Telecom Limited's ("WPT") assets.

Long term debts amounting to KD 4,142 thousand (31 December and 30 June 2014: KD 2,899 thousand and KD 1,843 thousand respectively) are secured by Ooredoo Maldives Private Limited's (previously "WTM") fixed deposits.

Long term debts amounting to KD 51,100 thousand (31 December and 30 June 2014: KD 39,100 thousand and KD 44,000 thousand respectively) are secured by promissory notes signed by the Company as guarantee of the loan.

Long term debts amounting to KD 46,501 thousand (31 December and 30 June 2014: KD 48,282 thousand and KD 36,796 thousand respectively) are secured by pledge of tangible and intangible assets exclusive of the GSM license of Ooredoo Tunisie S.A. (previously "Tunisiana S.A"). In addition, the loan arrangements contain financial covenants to be tested on an annual basis.

7. TRADE AND OTHER PAYABLES

| | 30 June 2015 KD' 000 (Unaudited) | 31 December 2014 KD' 000 (Audited) | 30 June 2014 KD' 000 (Unaudited) |
|--|---|---|---|
| Accruals | 223,477 | 234,961 | 272,987 |
| Trade payables | 80,045 | 105,503 | 90,579 |
| Amounts due to related parties (note 13) | 45,784 | 33,065 | 34,683 |
| Other tax payables | 16,311 | 20,114 | 17,774 |
| Staff payables | 10,753 | 13,266 | 9,474 |
| Dividends payable | 6,022 | 14,245 | 6,109 |
| Other payables | 26,789 | 26,237 | 31,682 |
| | 409,181 | 447,391 | 463,288 |

8. DIVIDENDS

The Annual General Assembly of the Company, held on 26 March 2015, approved the consolidated financial statements of the Group for the year ended 31 December 2014 and the payment of cash dividend of 70 fils per share amounting to KD 35,081 thousand for the year ended 31 December 2014 (2014: cash dividend of 125 fils per share amounting to KD 62,645 thousand for the year ended 31 December 2013) to the Company's equity shareholders existing as at 26 March 2015.

9. BASIC AND DILUTED EARNINGS PER SHARE

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

| | Three month period ended 30 June | | Six month period ended 30 June | |
|--|---|--------------------|---|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit for the period attributable to shareholders of the Company (KD 000's) | 12,601 | 18,038 | 14,842 | 37,857 |
| Number of shares outstanding: | | | | |
| Weighted average number of paid up shares (thousands) | 504,033 | 504,033 | 504,033 | 504,033 |
| Weighted average number of treasury shares (thousands) | (2,871) | (2,871) | (2,871) | (2,871) |
| Weighted average number of outstanding shares (thousands) | 501,162 | 501,162 | 501,162 | 501,162 |
| Basic and diluted earnings per share attributable to shareholders of the Company (fils) | 25.14 | 35.99 | 29.62 | 75.54 |

There are no potential dilutive shares as at 30 June 2015 (31 December and 30 June 2014: nil).

10. FINANCE COSTS - NET

| | Three month period ended 30 June | | Six month period ended 30 June | |
|----------------|---|--------------------|---|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | KD 000's | KD 000's | KD 000's | KD 000's |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Finance income | 125 | 439 | 457 | 908 |
| Finance costs | (1,965) | (2,454) | (4,508) | (4,615) |
| | (1,840) | (2,015) | (4,051) | (3,707) |

11. OTHER (EXPENSE) / INCOME

| | Three months period ended 30 June | | Six months period ended 30 June | |
|--|--|--------------------|--|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | KD 000's | KD 000's | KD 000's | KD 000's |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Dividend income | 1 | 1 | 1 | 1 |
| Exchange loss | (1,678) | (1,306) | (13,332) | (2,236) |
| Other operating (losses) / income | (574) | 1,569 | 128 | 3,775 |
| Gain / (loss) on sale of available for sale financial assets | - | 177 | - | (97) |
| | (2,251) | 441 | (13,203) | 1,443 |

12. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

| | Three months period ended 30 June | | Six months period ended 30 June | |
|-------|--------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| | 2015 KD 000's (Unaudited) | 2014 KD 000's (Unaudited) | 2015 KD 000's (Unaudited) | 2014 KD 000's (Unaudited) |
| KFAS | (70) | (225) | (95) | (393) |
| NLST | (284) | (408) | (364) | (924) |
| Zakat | (113) | (163) | (146) | (370) |
| | (467) | (796) | (605) | (1,687) |

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> | 30 June 2015 KD' 000 (Unaudited) | 31 December 2014 KD' 000 (Audited) | 30 June 2014 KD' 000 (Unaudited) |
|---|---|---|---|
| <i>Shareholders and entities related to shareholders</i> | | | |
| Payable to Ooredoo Group L.L.C. | 42,089 | 32,464 | 34,337 |
| Payable to ultimate parent company | 3,148 | 547 | 346 |
| Payable to Ooredoo IP L.L.C. | 547 | 54 | - |
| | 45,784 | 33,065 | 34,683 |

| <i>Interim condensed consolidated statement of profit or loss</i> | Three months period ended 30 June | | Six months period ended 30 June | |
|---|--------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| | 2015 KD 000's (Unaudited) | 2014 KD 000's (Unaudited) | 2015 KD 000's (Unaudited) | 2014 KD 000's (Unaudited) |
| <i>Shareholders and entities related to shareholders</i> | | | | |
| a) Management fees to Ooredoo Group L.L.C. | 4,476 | 4,052 | 8,728 | 7,798 |
| b) Brand license fees due to Ooredoo IP L.L.C. | 282 | - | 550 | - |
| c) Key management compensation: | | | | |
| Short term benefits | 943 | 133 | 3,395 | 2,974 |
| Termination benefits | 17 | 68 | 393 | 331 |
| | 960 | 201 | 3,788 | 3,305 |

14. FAIR VALUES OF FINANCIAL ASSETS

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).

| | Level 1 | Level 2 | Total |
|---|----------------|----------------|---------------|
| | KD'000 | KD'000 | KD'000 |
| 30 June 2015 (Unaudited) | | | |
| <i>Available for sale financial assets:</i> | | | |
| Listed equity securities | 331 | - | 331 |
| Unlisted equity securities | - | 3,973 | 3,973 |
| | 331 | 3,973 | 4,304 |
| 31 December 2014 (Audited) | | | |
| <i>Available for sale financial assets:</i> | | | |
| Listed equity securities | 328 | - | 328 |
| Unlisted equity securities | - | 4,544 | 4,544 |
| | 328 | 4,544 | 4,872 |
| 30 June 2014 (Unaudited) | | | |
| <i>Available for sale financial assets:</i> | | | |
| Listed equity securities | 330 | - | 330 |
| Unlisted equity securities | - | 5,230 | 5,230 |
| | 330 | 5,230 | 5,560 |

At the reporting date, unlisted equity investments with a carrying value of KD 2,176 thousand (31 December and 30 June 2014: KD 2,178 thousand and KD 2,107 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 30 June 2015, 31 December 2014 and 30 June 2014.

15. COMMITMENTS AND CONTINGENT LIABILITIES

| | 30 June 2015 KD 000's (Unaudited) | 31 December 2014 KD 000's (Audited) | 30 June 2014 KD 000's (Unaudited) |
|---|--|--|--|
| Capital commitments | | | |
| For the acquisition of property and equipment | 60,433 | 79,860 | 89,244 |
| For the acquisition of Palestinian mobile license | 48,269 | 46,791 | 44,978 |
| | 108,702 | 126,651 | 134,222 |

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.

Minimum operating lease commitments under these leases are as follows:

| | 30 June 2015 KD' 000 (Unaudited) | 31 December 2014 KD' 000 (Audited) | 30 June 2014 KD' 000 (Unaudited) |
|---|---|---|---|
| Not later than one year | 7,984 | 8,616 | 8,779 |
| Later than one year but not later than five years | 27,595 | 27,917 | 29,773 |
| | 35,579 | 36,533 | 38,552 |
| Contingent liabilities | | | |
| Letters of guarantee | 3,743 | 3,691 | 3,567 |
| Letters of credit | 3,406 | 3,753 | 2,857 |
| | 7,149 | 7,444 | 6,424 |

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 2014.

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 | | |
| Three months ended 30 June 2015 | | | | | | |
| (Unaudited) | | | | | | |
| Segment revenues | <u>46,970</u> | <u>39,224</u> | <u>86,517</u> | <u>12,062</u> | <u>-</u> | <u>184,773</u> |
| Segment results | <u>1,541</u> | <u>5,901</u> | <u>8,449</u> | <u>971</u> | <u>(968)</u> | <u>15,894</u> |
| Three months ended 30 June 2014 | | | | | | |
| (Unaudited) | | | | | | |
| Segment revenues | <u>42,630</u> | <u>47,299</u> | <u>97,097</u> | <u>9,702</u> | <u>-</u> | <u>196,728</u> |
| Segment results | <u>1,769</u> | <u>6,509</u> | <u>17,450</u> | <u>(1,150)</u> | <u>(514)</u> | <u>24,064</u> |
| Six months ended 30 June 2015 | | | | | | |
| (Unaudited) | | | | | | |
| Segment revenues | <u>91,291</u> | <u>75,546</u> | <u>168,786</u> | <u>23,464</u> | <u>-</u> | <u>359,087</u> |
| Segment results | <u>4,518</u> | <u>8,623</u> | <u>3,468</u> | <u>710</u> | <u>(463)</u> | <u>16,856</u> |
| Six months ended 30 June 2014 | | | | | | |
| (Unaudited) | | | | | | |
| Segment revenues | <u>84,546</u> | <u>92,705</u> | <u>182,587</u> | <u>19,575</u> | <u>-</u> | <u>379,413</u> |
| Segment results | <u>4,626</u> | <u>14,193</u> | <u>29,506</u> | <u>1,694</u> | <u>(1,611)</u> | <u>48,408</u> |

17. SEGMENTAL INFORMATION (CONTINUED)

| | 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 | |
| As at 30 June 2015 (Unaudited) | | | | | | |
| Segment assets | 252,472 | 202,080 | 517,943 | 112,505 | 361,059 | 1,446,059 |
| Investments and other assets | 6,325 | 1,792 | - | 466 | - | 8,583 |
| Total assets | <u>258,797</u> | <u>203,872</u> | <u>517,943</u> | <u>112,971</u> | <u>361,059</u> | <u>1,454,642</u> |
| As at 31 December 2014 (Audited) | | | | | | |
| Segment assets | 254,811 | 241,404 | 566,373 | 109,424 | 366,218 | 1,538,230 |
| Investments and other assets | 6,893 | 2,279 | - | 527 | - | 9,699 |
| Total assets | <u>261,704</u> | <u>243,683</u> | <u>566,373</u> | <u>109,951</u> | <u>366,218</u> | <u>1,547,929</u> |
| As at 30 June 2014 (Unaudited) | | | | | | |
| Segment assets | 260,562 | 231,812 | 602,124 | 105,743 | 390,676 | 1,590,917 |
| Investments and other assets | 7,584 | 1,618 | - | - | - | 9,202 |
| Total assets | <u>268,146</u> | <u>233,430</u> | <u>602,124</u> | <u>105,743</u> | <u>390,676</u> | <u>1,600,119</u> |