

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

**Condensed consolidated interim financial information (unaudited) and independent
auditor's review report for the six-month period ended 30 June 2021**

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

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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 (together referred to as the "Group") as at 30 June 2021, and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three and six month periods then ended, and the related condensed consolidated interim 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 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 2021, 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 2021 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 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

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27 July 2021
Kuwait

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

Condensed consolidated interim statement of financial position (All amounts in thousands Kuwaiti Dinars unless otherwise stated)

| | Note | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|--|------|--------------------------------|----------------------------------|--------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Right-of-use asset | 5 | 113,277 | 121,109 | 123,493 |
| Property and equipment | 6 | 447,431 | 481,044 | 470,058 |
| Intangible assets and goodwill | 7 | 296,090 | 313,435 | 309,867 |
| Investment securities | | 1,920 | 1,920 | 2,088 |
| Deferred tax assets | | 23,853 | 23,839 | 25,542 |
| Deferred contract cost and contract assets | | 5,041 | 6,292 | 6,252 |
| Other non-current assets | | 2,046 | 2,166 | 2,169 |
| | | 889,658 | 949,805 | 939,469 |
| Current assets | | | | |
| Inventories | | 12,862 | 13,007 | 21,483 |
| Deferred contract cost and contract assets | | 8,739 | 7,883 | 7,062 |
| Trade and other receivables | | 157,721 | 146,817 | 155,434 |
| Bank balances and cash | 8 | 105,631 | 104,303 | 77,877 |
| | | 284,953 | 272,010 | 261,856 |
| Total assets | | 1,174,611 | 1,221,815 | 1,201,325 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | | 50,403 | 50,403 | 50,403 |
| Treasury shares | | (3,598) | (3,598) | (3,598) |
| Foreign currency translation reserve | | (306,480) | (291,733) | (298,966) |
| Other reserves | 9 | 242,941 | 242,941 | 242,669 |
| Retained earnings | | 553,015 | 553,691 | 552,401 |
| Equity attributable to shareholders of the Parent Company | | 536,281 | 551,704 | 542,909 |
| Non-controlling interests | | 92,940 | 100,068 | 99,756 |
| Total equity | | 629,221 | 651,772 | 642,665 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Borrowings | 10 | 27,849 | 33,488 | 28,075 |
| Provision for staff indemnity | | 12,266 | 12,984 | 12,170 |
| Lease liabilities | 11 | 99,968 | 107,846 | 109,907 |
| Contract liabilities | | 755 | 689 | 722 |
| Other non-current liabilities | | 18,415 | 15,644 | 15,795 |
| | | 159,253 | 170,651 | 166,669 |
| Current liabilities | | | | |
| Lease liabilities | 11 | 17,733 | 17,997 | 15,747 |
| Trade and other payables | 12 | 294,206 | 303,571 | 274,508 |
| Deferred Income | | 34,972 | 39,473 | 37,535 |
| Income tax payable | | 9,468 | 7,944 | 8,528 |
| Borrowings | 10 | 27,854 | 28,536 | 53,212 |
| Contract liabilities | | 1,904 | 1,871 | 2,461 |
| | | 386,137 | 399,392 | 391,991 |
| Total liabilities | | 545,390 | 570,043 | 558,660 |
| Total equity and liabilities | | 1,174,611 | 1,221,815 | 1,201,325 |

Mohammed Bin Abdulla Al Thani
Chairman



The notes on pages 7 to 16 form an integral part of this condensed consolidated interim financial information

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

Condensed consolidated interim statement of profit or loss

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

| | Note | Three-month period ended 30 June | | Six-month period ended 30 June | |
|---|------|-------------------------------------|---------------------|-----------------------------------|---------------------|
| | | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| Revenue | 15 | 148,635 | 138,274 | 294,680 | 294,110 |
| Operating expenses | | (61,172) | (58,110) | (121,728) | (124,835) |
| Selling, general and administrative expenses | | (37,303) | (37,151) | (75,850) | (77,549) |
| Finance costs – net | 16 | (2,514) | (2,286) | (4,339) | (4,343) |
| Depreciation and amortisation | | (35,234) | (36,150) | (73,097) | (74,399) |
| Other expenses – net | | (800) | (646) | (1,580) | (1,338) |
| Profit before Directors' remuneration, income tax, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat | | 11,612 | 3,931 | 18,086 | 11,646 |
| Directors' remuneration | | (156) | (156) | (312) | (317) |
| Contribution to KFAS, NLST and Zakat | 17 | (203) | (159) | (235) | (370) |
| Profit before income tax | | 11,253 | 3,616 | 17,539 | 10,959 |
| Income tax | | (3,124) | (3,017) | (7,564) | (7,715) |
| Profit for the period | | 8,129 | 599 | 9,975 | 3,244 |
| <i>Attributable to:</i> | | | | | |
| Shareholders of the Parent Company | | 5,982 | (64) | 6,965 | 1,660 |
| Non-controlling interests | | 2,147 | 663 | 3,010 | 1,584 |
| | | 8,129 | 599 | 9,975 | 3,244 |
| Basic and diluted earnings/(loss) per share (fils) | 13 | 11.94 | (0.13) | 13.90 | 3.31 |

The notes on pages 7 to 16 form an integral part of this condensed consolidated interim financial information

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

Condensed consolidated interim statement of comprehensive income

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|---|---|--------------------|---|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit for the period | 8,129 | 599 | 9,975 | 3,244 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to the condensed consolidated interim statement of profit or loss</i> | | | | |
| Effect of net changes in fair value of equity instruments which are carried at fair value through other comprehensive income | 2 | - | - | - |
| <i>Items that are or may be reclassified subsequently to the condensed consolidated interim statement of profit or loss</i> | | | | |
| Exchange differences arising on translation of foreign operations | (1,311) | (13,623) | (17,590) | (8,333) |
| Total other comprehensive loss for the period | (1,309) | (13,623) | (17,590) | (8,333) |
| Total comprehensive income/(loss) for the period | 6,820 | (13,024) | (7,615) | (5,089) |
| Attributable to: | | | | |
| Shareholders of the Parent Company | 5,115 | (10,272) | (7,782) | (3,869) |
| Non-controlling interests | 1,705 | (2,752) | 167 | (1,220) |
| | 6,820 | (13,024) | (7,615) | (5,089) |

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

Condensed consolidated interim statement of changes in equity

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

| | Share capital | Treasury shares | Foreign Currency translation reserve | Other reserves | Retained earnings | Equity attributable to shareholders of the Parent Company | Non-Controlling interests | Total equity |
|---|---------------|-----------------|--------------------------------------|----------------|-------------------|---|---------------------------|----------------|
| Balance at 1 January 2021 | 50,403 | (3,598) | (291,733) | 242,941 | 553,691 | 551,704 | 100,068 | 651,772 |
| Comprehensive income | | | | | | | | |
| Profit for the period | - | - | - | - | 6,965 | 6,965 | 3,010 | 9,975 |
| Other comprehensive loss for the period | - | - | (14,747) | - | - | (14,747) | (2,843) | (17,590) |
| Total comprehensive (loss)/ income for the period | - | - | (14,747) | - | 6,965 | (7,782) | 167 | (7,615) |
| Transfer to employee association fund | - | - | - | - | (124) | (124) | (41) | (165) |
| Dividend (note 14) | - | - | - | - | (7,517) | (7,517) | - | (7,517) |
| Dividends by subsidiaries to non-controlling interest | - | - | - | - | - | - | (7,254) | (7,254) |
| Balance at 30 June 2021 | 50,403 | (3,598) | (306,480) | 242,941 | 553,015 | 536,281 | 92,940 | 629,221 |
| Balance at 1 January 2020 | 50,403 | (3,598) | (293,437) | 242,669 | 575,921 | 571,958 | 104,792 | 676,750 |
| Comprehensive income | | | | | | | | |
| Profit for the period | - | - | - | - | 1,660 | 1,660 | 1,584 | 3,244 |
| Other comprehensive loss for the period | - | - | (5,529) | - | - | (5,529) | (2,804) | (8,333) |
| Total comprehensive (loss) / income for the period | - | - | (5,529) | - | 1,660 | (3,869) | (1,220) | (5,089) |
| Transfer to employee association fund | - | - | - | - | (122) | (122) | (40) | (162) |
| Dividend (note 14) | - | - | - | - | (25,058) | (25,058) | - | (25,058) |
| Dividends by subsidiaries to non-controlling interest | - | - | - | - | - | - | (3,776) | (3,776) |
| Balance at 30 June 2020 | 50,403 | (3,598) | (298,966) | 242,669 | 552,401 | 542,909 | 99,756 | 642,665 |

The notes on pages 7 to 16 form an integral part of this condensed consolidated interim financial information

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

Condensed consolidated interim statement of changes in cash flows

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

| | Note | Six-month period ended 30 June | |
|--|------|--------------------------------|---------------------|
| | | 2021 (Unaudited) | 2020 (Unaudited) |
| Cash flows from operating activities | | | |
| Profit before income tax | | 17,539 | 10,959 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 73,097 | 74,399 |
| Finance income | 16 | (1,251) | (1,499) |
| Expected credit loss on financial assets | | 2,803 | 9,023 |
| Loss/(gain) on disposal of property and equipment | | 22 | (50) |
| Finance costs | 16 | 5,590 | 5,842 |
| Provision for KFAS, NLST and Zakat | 17 | 235 | 370 |
| Provision for slow moving inventories | | (283) | 1,088 |
| Provision for staff indemnity | | 984 | 911 |
| | | 98,736 | 101,043 |
| Changes in working capital: | | | |
| Trade and other receivables | | (12,607) | 1,556 |
| Deferred contract cost and contract assets | | 356 | 148 |
| Other non-current assets | | 120 | 39 |
| Inventories | | 532 | 4,954 |
| Trade and other payables | | (13,085) | (597) |
| Deferred income | | (4,501) | (5,322) |
| Contract liabilities | | 99 | (1,157) |
| Other non-current liabilities | | 2,771 | 304 |
| Cash generated from operations | | 72,421 | 100,968 |
| Payment of staff indemnity | | (1,598) | (691) |
| Taxation paid | | (5,629) | (11,192) |
| Cash generated from operating activities | | 65,194 | 89,085 |
| Cash flows from investing activities | | | |
| Decrease in term deposits | | 1,510 | 10,944 |
| Purchase of property and equipment | 6 | (29,035) | (33,810) |
| Proceeds from disposal of property and equipment | | 110 | 131 |
| Acquisition of intangible assets | 7 | (2,702) | (2,345) |
| Finance income received | | 1,251 | 1,499 |
| Net cash used in investing activities | | (28,866) | (23,581) |
| Cash flows from financing activities | | | |
| Finance costs paid | | (2,372) | (2,524) |
| Dividends paid | | (7,580) | (24,156) |
| Dividends paid by subsidiaries to non-controlling interest | | (3,704) | (3,615) |
| Payment to employee association fund | | (165) | (162) |
| Proceeds from borrowings | | 33,017 | 26,071 |
| Repayment of borrowings | | (38,018) | (50,262) |
| Repayment of principal and interest element of lease liability | | (13,850) | (13,854) |
| Net cash used in financing activities | | (32,672) | (68,502) |
| Effect of foreign currency translation | | (818) | 1,360 |
| Net change in cash and cash equivalents | | 2,838 | (1,638) |
| Cash and cash equivalents at beginning of the period | | 85,533 | 60,416 |
| Cash and cash equivalents at end of the period | 8 | 88,371 | 58,778 |

The notes on pages 7 to 16 form an integral part of this condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

1 INCORPORATION AND ACTIVITIES

National Mobile Telecommunications Company K.S.C.P. ("the Parent Company") is a Kuwaiti shareholding company incorporated by Amiri Decree on 10 October 1997. The Parent 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 Parent Company;
- Purchase or hiring communication lines and facilities necessary for providing the Parent 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 Parent 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 Parent 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 Parent Company's objectives;
- Purchase of all materials and machineries needed to undertake the Parent Company's activities as well as their maintenance in all possible modern methods;
- Use of financial surplus available at the Parent 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 Parent 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 Parent 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 Parent Company's shares are listed on the Boursa Kuwait.

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

The address of the Parent Company's registered office is Ooredoo Tower, Soor Street, Kuwait City, State of Kuwait, PO. Box 613, Safat 13007, State of Kuwait.

This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Parent Company on 27 July 2021.

Notes to the condensed consolidated interim financial information

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

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). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

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 2020, 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 2021.

Amendments and/or annual improvements to IFRSs which are effective for annual accounting period starting from 1 January 2021 did not have any material impact on the accounting policies, financial position or performance of the Group.

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 2020.

Impact of COVID 19

During the current period, due to continued uncertainties caused by COVID-19, Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed consolidated interim financial statements.

The Group has performed a qualitative assessment for its investment in CGUs, considering the minimal impact of COVID-19 on entities operating in telecommunication sector, and compared the actual results for the six-month period ended 30 June 2021 against the budget and industry benchmarks which confirmed that the impairment assessment as at 31 December 2020 remains unchanged.

Notes to the condensed consolidated interim financial information*(All amounts in thousands Kuwaiti Dinars unless otherwise stated)***4 JUDGEMENTS AND ESTIMATES (CONTINUED)***Impact of COVID 19 (continued)*

The Group has updated the inputs and assumptions used for the determination of expected credit losses (“ECLs”) as at 30 June 2021. ECLs are estimated based on the relevant forward-looking of macroeconomic factors, significant increase in credit risk, and assessing the indicators of impairment for the exposures in potentially affected sectors.

The Group is closely monitoring the situation and has activated its business continuity plan and other risk management practices to manage the business disruption resulted from COVID-19 outbreak in order to boost the liquidity and sustain the business. Further, the Group has prepared financial forecasts for the twelve months from the date of approval of this condensed consolidated interim financial information, taking into consideration the estimation of the continued business impacts of COVID-19.

5 RIGHT-OF-USE ASSET

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|---|---|---|
| Net book value at beginning of the period/year | 121,109 | 124,307 | 124,307 |
| Additions | 5,260 | 24,474 | 13,705 |
| Amortisation during the period/year | (10,627) | (22,443) | (10,946) |
| Reduction on early termination | (656) | (3,082) | (1,566) |
| Currency translation effects | (1,809) | (2,147) | (2,007) |
| Net book value at the end of the period/year | 113,277 | 121,109 | 123,493 |

6 PROPERTY AND EQUIPMENT

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|---|---|---|
| Net book value at beginning of the period/year | 481,044 | 502,329 | 502,329 |
| Additions | 29,035 | 99,590 | 33,810 |
| Disposal | (132) | (108) | (81) |
| Depreciation charge for the period/year | (53,795) | (104,593) | (53,820) |
| Transfers | (151) | (28) | (69) |
| Currency translation effects | (8,570) | (16,146) | (12,111) |
| Net book value at the end of the period/year | 447,431 | 481,044 | 470,058 |

7 INTANGIBLE ASSETS AND GOODWILL

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|---|---|---|
| Net book value at beginning of the period/year | 313,435 | 315,708 | 315,708 |
| Additions | 2,702 | 4,676 | 2,345 |
| Amortisation charge for the period/year | (8,675) | (19,245) | (9,633) |
| Transfers | 151 | 28 | 69 |
| Currency translation effects | (11,523) | 12,268 | 1,378 |
| Net book value at the end of the period/year | 296,090 | 313,435 | 309,867 |

Notes to the condensed consolidated interim financial information*(All amounts in thousands Kuwaiti Dinars unless otherwise stated)***7 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)**

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 161,375 thousand (31 December 2020: KD 168,455 thousand and 30 June 2020: KD 160,770 thousand) is allocated to Ooredoo Tunisie S.A. and KD 1,927 thousand (31 December 2020: KD 1,927 thousand and 30 June 2020: KD 1,927 thousand) 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 2020, 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 2021.

8 BANK BALANCES AND CASH

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|---|---|---|
| Bank balances and cash | 105,659 | 104,348 | 77,909 |
| Expected credit loss | (28) | (45) | (32) |
| | 105,631 | 104,303 | 77,877 |
| Less: Deposits with original maturities of three months or more | (4,914) | (7,463) | (5,711) |
| Less: Restricted deposits | (12,346) | (11,307) | (13,388) |
| Cash and cash equivalents as per condensed consolidated interim statement of cash flows | 88,371 | 85,533 | 58,778 |

The effective interest rate on interest earning deposits ranged from 0.20% to 7.25% per annum (31 December 2020: 0.52% to 12.31% per annum and 30 June 2020: 0.07% to 12.31%).

9 OTHER RESERVES

| | Share Premium | Statutory reserve | General reserve | Gain on sale of treasury shares | Fair value reserve | Other reserves | Total reserves |
|---|--------------------------|------------------------------|----------------------------|--|-----------------------------------|---------------------------|---------------------------|
| Balance at 1 January 2021 | 66,634 | 32,200 | 136,743 | 6,914 | (2,962) | 3,412 | 242,941 |
| Other comprehensive loss for the period | - | - | - | - | - | - | - |
| Balance at 30 June 2021 | 66,634 | 32,200 | 136,743 | 6,914 | (2,962) | 3,412 | 242,941 |
| Balance at 1 January 2020 | 66,634 | 32,200 | 136,303 | 6,914 | (2,794) | 3,412 | 242,669 |
| Other comprehensive income for the period | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | 66,634 | 32,200 | 136,303 | 6,914 | (2,794) | 3,412 | 242,669 |

Notes to the condensed consolidated interim financial information

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

10 BORROWINGS

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|--|---|---|---|
| Current portion | | | |
| Due to local banks | 13,000 | 12,000 | 20,000 |
| Due to local banks related to subsidiaries | 14,854 | 16,536 | 33,212 |
| | 27,854 | 28,536 | 53,212 |
| Non-current portion | | | |
| Due to local banks related to subsidiaries | 27,849 | 33,488 | 28,075 |

Unsecured debts amounting to KD 16,740 thousand (31 December and 30 June 2020: KD 15,202 thousand and KD 18,187 thousand respectively) are due to banks in Algeria. ("WTA"). These are subject to various obligations and financial covenants over the terms of those debts and denominated in Algerian Dinar.

Debts amounting to KD 1,974 thousand (31 December and 30 June 2020: KD 7,035 thousand and KD 7,119 thousand respectively) are due to banks in Palestine which are secured by fixed assets of Wataniya Palestine Mobile Telecom Limited ("WPT"). These are denominated in US Dollar.

Unsecured debts of the Parent Company amounting to KD 13,000 thousand (31 December and 30 June 2020: KD 12,000 thousand and KD 20,000 respectively) are due to banks in Kuwait which are subject to financial covenants over the terms of those debts. These are denominated in Kuwaiti Dinar.

Unsecured debts of Ooredoo Tunisie S.A. amounting to KD 11,668 thousand (31 December and 30 June 2020: KD 17,093 thousand and KD 23,027 thousand respectively) 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.

Debts amounting to KD 12,321 thousand (31 December and 30 June 2020: KD 10,694 thousand and KD 12,954 thousand respectively) are due to banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited. These are denominated in US Dollar.

11 LEASE LIABILITIES

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|---|---|---|
| At the beginning of the period/year | 125,843 | 126,171 | 126,171 |
| Additions | 5,260 | 24,474 | 13,705 |
| Interest expense on lease liability | 3,218 | 6,898 | 3,318 |
| Payment of lease liabilities including interest | (13,850) | (26,280) | (13,854) |
| Reduction on early termination | (841) | (3,542) | (1,743) |
| Exchange adjustments | (1,929) | (1,878) | (1,943) |
| At the end of the period/year | 117,701 | 125,843 | 125,654 |

Notes to the condensed consolidated interim financial information

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

11 LEASE LIABILITIES (CONTINUED)

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|--------------------------------|----------------------------------|--------------------------------|
| Lease liabilities | | | |
| Current | 17,733 | 17,997 | 15,747 |
| Non-Current | 99,968 | 107,846 | 109,907 |
| Net book value at the end of the period/year | 117,701 | 125,843 | 125,654 |

12 TRADE AND OTHER PAYABLES

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|--------------------|--------------------------------|----------------------------------|--------------------------------|
| Accrued expenses | 161,577 | 171,506 | 159,557 |
| Trade payables | 85,160 | 90,555 | 73,529 |
| Other tax payables | 17,394 | 13,496 | 14,049 |
| Staff payables | 9,217 | 10,558 | 8,639 |
| Dividends payable | 10,168 | 6,682 | 7,224 |
| Other payables | 10,690 | 10,774 | 11,510 |
| | 294,206 | 303,571 | 274,508 |

13 BASIC AND DILUTED EARNINGS PER SHARE

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

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|---|-------------------------------------|---------------------|-----------------------------------|---------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| Profit/(loss) for the period attributable to shareholders of the Parent Company (KD 000's) | 5,982 | (64) | 6,965 | 1,660 |
| 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/(loss) per share attributable to shareholders of the Parent Company (fils) | 11.94 | (0.13) | 13.90 | 3.31 |

There are no potential dilutive shares as at 30 June 2021 (31 December 2020: nil and 30 June 2020: nil)

Notes to the condensed consolidated interim financial information

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

14 DIVIDEND

The Annual General Assembly of the Parent Company held on 1 March 2021, approved the consolidated financial statements of the Group for the year ended 31 December 2020 and the payment of cash dividend of 15 fils per share amounting to KD 7,517 thousand for the year ended 31 December 2020 (2020: cash dividend of 50 fils per share amounting to KD 25,058 thousand for the year ended 31 December 2019) to the Parent Company's equity shareholders existing as at 28 March 2021.

15 REVENUE

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|---|-------------------------------------|---------------------|-----------------------------------|---------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| Revenue from rendering of telecommunications services | 133,287 | 126,448 | 264,086 | 265,935 |
| Sale of telecommunications equipment | 15,156 | 11,605 | 30,187 | 27,802 |
| Others | 192 | 221 | 407 | 373 |
| | 148,635 | 138,274 | 294,680 | 294,110 |

16 FINANCE COST - NET

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|----------------|-------------------------------------|---------------------|-----------------------------------|---------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| Finance income | 569 | 586 | 1,251 | 1,499 |
| Finance cost | (3,083) | (2,872) | (5,590) | (5,842) |
| | (2,514) | (2,286) | (4,339) | (4,343) |

17 CONTRIBUTION TO KFAS, NLST AND ZAKAT

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|-------|-------------------------------------|---------------------|-----------------------------------|---------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| KFAS | (60) | (4) | (72) | (24) |
| NLST | (102) | (111) | (116) | (247) |
| Zakat | (41) | (44) | (47) | (99) |
| | (203) | (159) | (235) | (370) |

Notes to the condensed consolidated interim financial information

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

18 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, Ooredoo Q.P.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 Parent Company and its subsidiaries which are related parties to the Parent Company have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties are as follows:

(a) Balances included in the condensed consolidated interim statement of financial position

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|---|---|---|
| Payable to Ooredoo Group L.L.C. | 13,280 | 11,889 | 10,485 |
| Payable to Ooredoo IP L.L.C | 1,771 | 1,553 | 1,304 |
| Payable to Omani Qatari Telecommunications Company S.A.O.G. | 53 | - | - |
| Receivable from ultimate parent company | 405 | 1,019 | 660 |
| Receivable from Asiacell Communications PJSC | 569 | 577 | 566 |
| Receivable from PT. Indosat Tbk | 12 | 12 | 12 |
| Receivable from Omani Qatari Telecommunications Company S.A.O.G. | - | 7 | 8 |

(b) Transactions included in the condensed consolidated interim statement of profit or loss

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|---|---|-----------------------------|---|-----------------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| Revenue from: | | | | |
| Ultimate parent company | 704 | 1,887 | 2,148 | 2,659 |
| Asiacell Communications PJSC | - | 1 | - | 158 |
| Omani Qatari Telecommunications Company S.A.O.G. | - | - | - | 2 |
| Operating expenses to: | | | | |
| Ultimate parent company | 125 | 129 | 319 | 443 |
| Ooredoo Group L.L.C. | - | (12) | - | - |
| Asiacell Communications PJSC | - | - | - | 5 |
| Omani Qatari Telecommunications Company S.A.O.G | 1 | 2 | 50 | 25 |
| PT. Indosat Tbk | - | - | - | 2 |
| Management fees to Ooredoo Group L.L.C. | 3,190 | 2,523 | 6,329 | 5,874 |
| Brand license fees to Ooredoo IP L.L.C. | 875 | 779 | 1,739 | 1,740 |
| Key management compensation: | | | | |
| Short term benefits | 1,744 | 1,660 | 3,572 | 3,571 |
| Termination benefits | 133 | 152 | 285 | 333 |
| | 1,877 | 1,812 | 3,857 | 3,904 |

Notes to the condensed consolidated interim financial information*(All amounts in thousands Kuwaiti Dinars unless otherwise stated)***19 CONTINGENCIES AND COMMITMENTS**

| | 30 June 2021 (Unaudited) | 31 December 2020 (Audited) | 30 June 2020 (Unaudited) |
|---|---|---|---|
| Capital commitments | | | |
| For the acquisition of property and equipment | 36,369 | 32,181 | 48,539 |
| For the acquisition of Palestinian mobile license | 50,929 | 51,452 | 52,063 |
| | 87,298 | 83,633 | 100,602 |
| Contingent liabilities | | | |
| Letters of guarantee | 4,626 | 3,893 | 3,075 |
| Letters of credit | 7,557 | 8,006 | 7,080 |
| | 12,183 | 11,899 | 10,155 |

Litigation and claims:

- (a) Additional tax claims amounting to KD 8,924 thousand on Ooredoo Tunisie S.A. for assessment periods 1 January 2016 to 31 December 2017 from tax authorities in Tunisia. Management has responded to this notification and believes that the prospects of these claims being resolved in the Group's favour are good.
- (b) Additional tax claims amounting to KD 871 thousand on Wataniya Telecom Algerie S.P.A. (WT A) for assessment periods 1 January 2013 to 31 December 2016 from tax authorities in Algeria.
- (c) In October 2019, the Algerian Central Bank claimed an amount of KD 25,082 thousand in respect of certain alleged foreign currency violations by WTA. Currently, WTA's appeal against this claim is in the Court of Cassation.
- (d) In October 2019, a third party vendor of WTA obtained an order from the Judicial Authorities of Algeria to block an amount of KD 1,926 thousand from WTA's bank account. WTA appealed to the Court against this.
- (e) Algeria Regulatory Authority of the Post and Electronic Communications (ARPCE), imposed a fine of KD 302 thousand in respect of non-compliance in 2018 of ARPCE rules. WTA's had contested the fine by sending an objection letter to ARPCE and has appealed the fine to the State Council against ARPCE fine.
- (f) Claims against Ooredoo Maldives PLC amounting to KD 1,308 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. Management believes that the prospects of this claim being resolved in the Group's favor are good.
- (g) 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. The Group is currently estimating the recoverable amount which is subject to approval of the judicial authorities.

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 2020.

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

Notes to the condensed consolidated interim financial information

(All amounts in thousands Kuwaiti Dinars unless otherwise stated)

21 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 | Outside Kuwait | | | | Un-allocated | Total |
|--|---------------|----------------|----------|----------|---------|--------------|-----------|
| | | Tunisia | Algeria | Maldives | Others | | |
| Six months ended 30 June 2021 (Unaudited) | | | | | | | |
| Segment revenues – Point over time | 79,512 | 59,318 | 92,492 | 16,823 | 16,348 | - | 264,493 |
| Segment revenues – Point in time | 23,218 | 6,410 | 114 | 223 | 222 | - | 30,187 |
| Segment revenues | 102,730 | 65,728 | 92,606 | 17,046 | 16,570 | - | 294,680 |
| Segment profit before tax | (1,261) | 11,341 | 3,254 | 5,059 | 1,953 | (2,807) | 17,539 |
| Depreciation and amortisation | (22,967) | (12,707) | (28,029) | (2,908) | (3,679) | (2,807) | (73,097) |
| Finance costs – net | (1,120) | (967) | (2,012) | (214) | (26) | - | (4,339) |
| Income tax | (498) | (4,776) | (1,069) | (751) | (470) | - | (7,564) |
| Six months ended 30 June 2020 (Unaudited) | | | | | | | |
| Segment revenues - Over time | 82,445 | 56,506 | 93,812 | 18,719 | 14,827 | - | 266,309 |
| Segment revenues – At a point in time | 21,725 | 5,247 | 297 | 268 | 264 | - | 27,801 |
| Segment revenues | 104,170 | 61,753 | 94,109 | 18,987 | 15,091 | - | 294,110 |
| Segment profit before tax | (3,091) | 10,349 | 147 | 5,685 | 961 | (3,092) | 10,959 |
| Depreciation and amortisation | (21,116) | (13,820) | (29,819) | (2,819) | (3,733) | (3,092) | (74,399) |
| Finance costs - net | (1,402) | (1,144) | (1,438) | (168) | (191) | - | (4,343) |
| Income tax | (569) | (5,651) | (266) | (899) | (330) | - | (7,715) |
| As at 30 Jun 2021 (Unaudited) | | | | | | | |
| Segment assets | 330,072 | 174,267 | 313,521 | 68,650 | 70,344 | 217,757 | 1,174,611 |
| Segment liabilities | 206,056 | 120,200 | 152,445 | 28,119 | 38,570 | - | 545,390 |
| As at 31 December 2020 (Audited) | | | | | | | |
| Segment assets | 335,377 | 184,408 | 330,682 | 66,820 | 69,916 | 234,612 | 1,221,815 |
| Segment liabilities | 212,082 | 124,260 | 164,238 | 27,936 | 41,527 | - | 570,043 |
| As at 30 June 2020 (Unaudited) | | | | | | | |
| Segment assets | 353,806 | 164,727 | 327,902 | 63,565 | 70,473 | 220,852 | 1,201,325 |
| Segment liabilities | 223,191 | 112,918 | 152,002 | 36,766 | 33,783 | - | 558,660 |