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

Interim condensed consolidated financial information and independent auditor's review report for the period from 1 January 2018 to 31 March 2018 (Unaudited)

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Deloitte.

Deloitte & Touche
Al-Wazzan & Co.
Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Tel : +965 22408844, 22438060
Fax : +965 22408855, 22452080
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF NATIONAL MOBILE TELCOMMUNICATIONS COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Mobile Telecommunications Company K.S.C.P. ("the Parent Company") and subsidiaries (together referred to as "the Group") as at 31 March 2018, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended. The Parent 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" ("IAS 34"). 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 is not prepared, in all material respects, in accordance with IAS 34.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its executive regulations or the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2018 that might have had a material effect on the business of the Group or on its financial position.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al Wazzan & Co.

Kuwait
23 April 2018

Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2018

	Note	31 March 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	31 March 2017 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		553,583	563,555	618,156
Intangible assets and goodwill		388,184	389,381	434,680
Investment securities		2,900	6,695	6,873
Deferred tax assets		18,695	22,225	20,499
Other non-current assets		4,990	2,067	1,284
		968,352	983,923	1,081,492
Current assets				
Inventories		23,703	26,120	17,992
Trade and other receivables		179,969	181,375	151,363
Bank balances and cash	5	147,860	128,862	122,989
		351,532	336,357	292,344
Total assets		1,319,884	1,320,280	1,373,836
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Foreign currency translation reserve		(251,381)	(252,364)	(215,132)
Other reserves	6	237,065	239,573	235,429
Retained earnings		552,270	578,400	549,893
Equity attributable to shareholders of the Company		584,759	612,414	616,995
Non-controlling interests		114,817	113,917	119,546
Total equity		699,576	726,331	736,541
LIABILITIES				
Non-current liabilities				
Long term debts	7	63,215	60,191	109,331
Provision for staff indemnity		9,857	9,527	8,420
Other non-current liabilities		19,568	19,699	18,989
Deferred tax liability		23	-	-
		92,663	89,417	136,740
Current liabilities				
Trade and other payables	8	347,001	348,622	344,525
Deferred income		50,160	57,302	49,058
Income tax payable		22,619	22,746	8,273
Long term debts	7	107,865	75,862	98,699
		527,645	504,532	500,555
Total liabilities		620,308	593,949	637,295
Total equity and liabilities		1,319,884	1,320,280	1,373,836

Saud Bin Nasser Al Thani
Chairman

Chairman Office مكتب الرئيس

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss (Unaudited)
For the period from 1 January 2018 to 31 March 2018

	Note	Three month period ended 31 March 2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)
Revenue		174,604	169,023
Operating expenses		(84,739)	(67,829)
Selling, general and administrative expenses		(39,287)	(40,449)
Depreciation and amortisation		(35,085)	(35,913)
Finance costs – net	11	(1,781)	(2,077)
Impairment loss on available for sale financial assets		-	(133)
Other income / (expenses) – net	12	2,051	(286)
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		15,763	22,336
Provision for Directors' remuneration		(150)	(150)
Provision for contribution to KFAS, NLST and Zakat	13	(452)	(681)
Profit before taxation		15,161	21,505
Taxation related to subsidiaries		(4,502)	(4,729)
Profit for the period		10,659	16,776
Attributable to:			
- Shareholders of the Company		9,165	12,926
- Non-controlling interests		1,494	3,850
		10,659	16,776
Basic and diluted earnings per share (fils)	10	18.29	25.79

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income (Unaudited)

For the period from 1 January 2018 to 31 March 2018

	Three month period ended 31 March	
	2018	2017
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
Profit for the period	10,659	16,776
Other comprehensive income		
Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss		
Change in fair value of investment securities	(1,737)	622
Impairment loss on investment securities transferred to the interim condensed consolidated statement of profit or loss	-	133
Exchange differences arising on translation of foreign operations and fair value reserves	1,111	3,450
Total other comprehensive income for the period	(626)	4,205
Total comprehensive income for the period	10,033	20,981
Attributable to:		
- Shareholders of the Company	8,411	16,671
- Non-controlling interests	1,622	4,310
	10,033	20,981

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)
For the period from 1 January 2018 to 31 March 2018

	Share capital KD 000's	Treasury shares KD 000's	Foreign currency translation reserve KD 000's	Other 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
Balance at 1 January 2018	**50,403**	**(3,598)**	**(252,364)**	**239,573**	**578,400**	**612,414**	**113,917**	**726,331**
Impact of IFRS 9 & 15	-	-	-	(771)	(75)	(846)	168	(678)
Restated Balance at 1 January 2018	**50,403**	**(3,598)**	**(252,364)**	**238,802**	**578,325**	**611,568**	**114,085**	**725,653**
Comprehensive income								
Profit for the period	-	-	-	-	9,165	9,165	1,494	10,659
Other comprehensive income/ (loss) for the period	-	-	983	(1,737)	-	(754)	128	(626)
Total comprehensive income/ (loss) for the period	-	-	983	(1,737)	9,165	8,411	1,622	10,033
Transfer to employee association fund	-	-	-	-	(139)	(139)	(47)	(186)
Dividend (note 9)	-	-	-	-	(35,081)	(35,081)	(843)	(35,924)
Balance at 31 March 2018	**50,403**	**(3,598)**	**(251,381)**	**237,065**	**552,270**	**584,759**	**114,817**	**699,576**
Balance at 1 January 2017	50,403	(3,598)	(218,122)	234,674	579,566	642,923	115,236	758,159
Comprehensive income								
Profit for the period	-	-	-	-	12,926	12,926	3,850	16,776
Other comprehensive income for the period	-	-	2,990	755	-	3,745	460	4,205
Total comprehensive income for the period	-	-	2,990	755	12,926	16,671	4,310	20,981
Dividend (note 9)	-	-	-	-	(42,599)	(42,599)	-	(42,599)
Balance at 31 March 2017	50,403	(3,598)	(215,132)	235,429	549,893	616,995	119,546	736,541

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (Unaudited)
For the period from 1 January 2018 to 31 March 2018

	Note	Three month period ended 31 March 2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)
Cash flows from operating activities			
Net profit for the period		10,659	16,776
Adjustments for:			
Depreciation and amortisation		35,085	35,913
Finance income	*11*	(437)	(569)
Provision for impairment of receivables		3,312	1,708
Impairment loss on investment securities		-	133
Taxation relating to subsidiaries		4,502	4,729
Gain on sale of property and equipment and intangible assets		(67)	(21)
Finance costs	*11*	2,218	2,646
Provision for KFAS, NLST and Zakat	*13*	452	681
Provision for staff indemnity		445	451
		56,169	62,447
Changes in:			
Trade and other receivables and other non-current assets		(4,861)	(14,725)
Inventories		2,269	197
Trade and other payables and other non-current liabilities		(34,928)	(19,002)
Cash generated from operations		18,649	28,917
Provision for staff indemnity paid		(89)	(563)
Net cash generated from operating activities		18,560	28,354
Cash flows from investing activities			
Decrease in term deposits		(1,447)	4,235
Purchase of property and equipment		(19,365)	(9,397)
Proceeds from disposal of property and equipment		1,279	33
Purchase of intangible assets		(4,851)	(1,140)
Finance income received		437	569
Net cash used in investing activities		(23,947)	(5,700)
Cash flows from financing activities			
Finance costs paid		(2,218)	(2,646)
Dividends paid		(190)	(40,822)
Dividends paid by subsidiary to non-controlling interest		(9,710)	(8,147)
Payment to employee association fund		(186)	-
Net increase in term debts		34,914	28,745
Net cash generated from / (used in) financing activities		22,610	(22,870)
Effect of foreign currency translation		328	(3,117)
Net change in cash and cash equivalents		17,551	(3,333)
Cash and cash equivalents at beginning of the period		77,934	112,961
Cash and cash equivalents at end of the period	*5*	95,485	109,628

The accompanying notes 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 was registered in the commercial register on 10 May 1998 under registration number 73211.

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.

The Company is a subsidiary of Ooredoo International Investment LLC ("The Parent Company"), which in turn is a subsidiary of Ooredoo Q.P.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 23 April 2018.

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.

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 2018 are not necessarily indicative of the results that may be expected for the year ending 31 December 2018.

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 2017, 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 2018.

The Group adopted IFRS 9 and IFRS 15 effective from 1 January 2018. The impact on these financial statements arising from the adoption of thesc standards are described in detail below.

Adoption of IFRS 9 - Financial Instruments

The Group adopted IFRS 9 with transition date of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the consolidated financial statements as of and for the year ended 31 December 2017.

The Group elected not to restate comparative figures but any adjustments to the carrying amounts of financial assets and liabilities at transition date were recognized in the opening balance of Retained Earnings, opening balance of Fair value reserve and Non-controlling interest of the current period.

a) Classification and measurement of financial instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed through its contractual cash flows.

The Group performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics.

b) Expected credit loss (ECL) /Impairment allowances

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to accounts receivable, bank deposits, loan guarantees & commitments. The Group applied a simplified approach to measuring expected credit losses (ECL).

Significant increase in credit risk

When determining whether the risk of default the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit assessment and including forward-looking information. It considers one notch up for rating or one notch down for ratings.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Adoption of IFRS 9 - Financial Instruments (Continued)

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default considering nature of the exposure and the type of borrower.

Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures with the passage of time. This analysis includes the identification for any changes in default rates & changes in key macro-economic factors across various geographies of the Group.

Credit risk measurement

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Credit quality assessments

The Group has mapped its internal credit rating scale to Moody's rating scale as at 31 March 2018.

The Group computed the impairment allowance for financial assets using ECL allowance model in accordance with IFRS 9 as at 1 January 2018. The impact arising from this change was adjusted in the opening Retained Earnings as at 1 January 2018.

Set out in note (19) the IFRS 9 transition impact disclosure for the Group.

Adoption of IFRS 15 – Revenue from contracts with customers

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group adopted IFRS 15 with transition date of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the consolidated financial statements as of and for the year ended 31 December 2017.

The Group elected not to restate comparative figures but any adjustments to the carrying amounts of current assets and liabilities at transition date were recognized in the opening balance of Retained Earnings, and Non-controlling interest of the current period.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Adoption of IFRS 15 – Revenue from contracts with customers (continued)

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or service. Determining the timing of transfer of control -at the point in time or over time requires judgement. Any other revenue and cost which did not have significant impact on consolidated financial statements have not been narrated below as a key changes in accounting policies of the Group.

Multi elements arrangements (Mobile contract plus handset)

The Group has determined that it will continue to recognise the revenue from handset as point in time and the related revenue from telecom services as point over time.

The Group has determined to recognize contract asset on these types of arrangements since it identified performance obligation are satisfied over time (i.e. a receivable arising from the customer contract that has not yet legally come into existence).

Revenue from transit services & other value added services

The Group has determined that whether they will be acting as a Principal or an Agent on these types of arrangements and accordingly revenue has been accounted under IFRS 15.

Customer loyalty schemes

The Group has determined that they will be acting as an Agent on these types of arrangements since the same has been redeemed through its partners. Hence revenue is accounted under IFRS 15 on net basis.

Connection fees

The Group has determined that connection fee charged for the activation of services will be recognized over the contract period. However, if connection fees relate at or near contract inception to fulfill that contract, then the revenue will be recognized as and when services are provided (i.e. as the identified performance obligations are satisfied).

Installation cost, commissions to third party dealers, marketing expenses

The Group has determined that above expenses are incremental in nature for obtaining the contract and hence will be capitalized and amortized as per IFRS 15. Recognized contract assets will be subject to impairment assessment under IFRS 9 requirements.

Significant financing component

The Group has determined to recognize interest expense at appropriate annual interest rate over the contract period and total transaction price including financing component is recognized when equipment is delivered to customer.

Contract assets & liabilities

The Group has determined that contract assets & liabilities are to be recognised on the performance obligation level and not at the contract level and both contract assets and liabilities are to be shown separately in the financial statements.

Set out in note (19) the IFRS 15 transition impact disclosure for 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 were applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2017.

5. BANK BALANCES AND CASH

	31 March 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	31 March 2017 KD 000's (Unaudited)
Bank balances and cash	67,543	69,386	92,326
Deposits	80,317	59,476	30,663
Bank balances and cash in the interim condensed consolidated statement of financial position	147,860	128,862	122,989
Less: Deposits with original maturities of three months or more	(52,375)	(50,928)	(13,361)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	95,485	77,934	109,628

The effective interest rate on interest earning deposits ranged from 1.75% to 9.08% per annum (31 December and 31 March 2017: 1.75% to 7.98% per annum).

Included in deposits with original maturities of three months or more is an amount of KD 44,918 thousand (31 December and 31 March 2017: KD 7,864 thousand and KD 694 thousand respectively) restricted in accordance with a subsidiary's syndicated loan agreement and other obligations entered into by a subsidiary and the Company.

6. OTHER RESERVES

	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**	**Other reserves KD 000's**	**Total reserves KD 000's**
Balance at 1 January 2018	66,634	32,200	129,887	6,914	526	3,412	239,573
Impact of IFRS 9	-	-	-	-	(771)	-	(771)
Restated balance at 1 January 2018	**66,634**	**32,200**	**129,887**	**6,914**	**(245)**	**3,412**	**238,802**
Other comprehensive income for the period	-	-	-	-	(1,737)	-	(1,737)
Balance at 31 March 2018	**66,634**	**32,200**	**129,887**	**6,914**	**(1,982)**	**3,412**	**237,065**
Balance at 1 January 2017	66,634	32,200	125,688	6,914	(174)	3,412	234,674
Other comprehensive income for the period	-	-	-	-	755	-	755
Balance at 31 March 2017	**66,634**	**32,200**	**125,688**	**6,914**	**581**	**3,412**	**235,429**

7. LONG TERM DEBTS

	31 March 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	31 March 2017 KD 000's (Unaudited)
Current portion			
Due to local banks	67,932	34,575	47,900
Due to local banks related to subsidiaries	38,181	39,748	45,034
Due to foreign banks	1,752	1,539	5,765
	107,865	75,862	98,699
Non-current portion			
Due to local banks	-	-	100
Due to local banks related to subsidiaries	53,013	49,409	102,835
Due to foreign banks	10,202	10,782	6,396
	63,215	60,191	109,331

Unsecured debts of Wataniya Telecom Algerie S.P.A.'s ("WTA") amounting to KD 29,874 thousand (31 December and 31 March 2017: KD 34,901 thousand and KD 79,302 thousand respectively) from banks in Algeria which are subject to various obligations and financial covenants over the terms of those debts. These are denominated in Algerian Dinar.

Debts amounting to KD 23,666 thousand (31 December and 31 March 2017: KD 24,310 thousand and KD 17,688 thousand respectively) from banks in Palestine which are secured by assets of Wataniya Palestine Mobile Telecom Limited's ("WPT"). These are denominated in US Dollar.

Unsecured debts of the Company amounting to KD 67,800 thousand (31 December and 31 March 2017: 34,400 and KD 47,600 thousand respectively) from banks in Kuwait which are subject to financial covenants over the terms of those debts. There are denominated in Kuwaiti Dinar.

Unsecured debts of Ooredoo Tunisie S.A. amounting to KD 48,369 thousand (31 December and 31 March 2017: KD 40,578 thousand and KD 60,839 thousand respectively) from 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 1,239 thousand (31 December and 31 March 2017: KD 1,689 thousand and KD 2,201 thousand respectively) from banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited's (previously "WTM"). These are denominated in US Dollar.

Murabaha facility from a bank in Kuwait amounting to KD 132 thousand (31 December and 31 March 2017: KD 175 thousand and 400 respectively) secured by a guarantee given by a subsidiary. These are denominated in Kuwaiti Dinar.

8. TRADE AND OTHER PAYABLES

	31 March 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	31 March 2017 KD 000's (Unaudited)
Accruals	135,464	170,235	174,842
Trade payables	74,348	70,144	63,654
Amounts due to related parties (note 14)	37,174	50,970	59,047
Other tax payables	31,774	14,594	11,359
Staff payables	9,281	10,919	15,170
Dividends payable	42,113	16,089	5,603
Other payables	16,847	15,671	14,850
	347,001	348,622	344,525

9. DIVIDEND

The Annual General Assembly of the Company held on 7 March 2018, approved the consolidated financial statements of the Group for the year ended 31 December 2017 and the payment of cash dividend of 70 fils per share amounting to KD 35,081 thousand for the year ended 31 December 2017 (2017: cash dividend of 85 fils per share amounting to KD 42,599 thousand for the year ended 31 December 2016) to the Company's equity shareholders existing as at 27 March 2018.

10. 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 31 March	
	2018 (Unaudited)	2017 (Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	9,165	12,926
Number of shares outstanding:		
Weighted average number of paid up shares (thousands)	504,033	504,033
Weighted average number of treasury shares (thousands)	(2,871)	(2,871)
Weighted average number of outstanding shares (thousands)	501,162	501,162
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	18.29	25.79

There are no potential dilutive shares as at 31 March 2018 (31 December and 31 March 2017: nil).

11. FINANCE COSTS - NET

	Three month period ended 31 March	
	2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)
Finance income	437	569
Finance costs	(2,218)	(2,646)
	(1,781)	(2,077)

12. OTHER INCOME / (EXPENSES) - NET

	Three month period ended 31 March	
	2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)
Exchange gain	842	346
Other operating income/ (loss)	1,209	(632)
	2,051	(286)

13. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 31 March	
	2018	2017
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
KFAS	(215)	(138)
NLST	(138)	(386)
Zakat	(99)	(157)
	(452)	(681)

14. 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 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:

Interim condensed consolidated statement of financial position	**31 March 2018**	31 December 2017	31 March 2017
	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Audited)	(Unaudited)
Shareholders and entities related to shareholders			
Payable to Ooredoo Group L.L.C.	34,440	49,174	46,764
Payable to the Ultimate Parent Company	525	430	9,225
Payable to Ooredoo IP L.L.C.	2,209	1,366	3,058
	37,174	50,970	59,047

Interim condensed consolidated statement of profit or loss	Three month period ended 31 March	
	2018	2017
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
Shareholders and entities related to shareholders		
a) Management fees to Ooredoo Group L.L.C.	3,790	3,445
b) Brand license fees due to Ooredoo IP L.L.C.	1,099	834
c) Key management compensation:		
Short term benefits	2,002	1,579
Termination benefits	194	119
	2,196	1,698

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value measurements recognised in the 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).

31 March 2018 (Unaudited)	**Level 1 KD 000's**	**Level 2 KD 000's**	**Total KD 000's**
Available for sale financial assets:			
Listed equity securities	-	-	-
Unlisted equity securities	-	2,900	2,900
	-	2,900	2,900
31 December 2017 (Audited)			
Available for sale financial assets:			
Listed equity securities	-	-	-
Unlisted equity securities	-	4,695	4,695
	-	4,695	4,695
31 March 2017 (Unaudited)			
Available for sale financial assets:			
Listed equity securities	-	-	-
Unlisted equity securities	-	4,873	4,873
	-	4,873	4,873

At the reporting date, unlisted equity investments with a carrying value of KD 266 thousand (31 December and 31 March 2017: KD 2,000 thousand and KD 2,000 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 ended 31 March 2018 (31 December 2017 and 31 March 2017: there are no transfers between levels).

16. CONTINGENCIES AND COMMITMENTS

	31 March 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	31 March 2017 KD 000's (Unaudited)
Capital commitments			
For the acquisition of property and equipment	58,144	60,681	34,395
For the acquisition of Palestinian mobile license	47,833	48,215	48,686
	105,977	108,896	83,081

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:

	31 March 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	31 March 2017 KD 000's (Unaudited)
Not later than one year	8,056	8,216	7,876
Later than one year but not later than five years	31,028	29,828	28,413
Later than five years	973	981	-
	40,057	39,025	36,289
Contingent liabilities			
Letters of guarantee	2,375	2,942	2,673
Letters of credit	16,915	13,887	4,093
	19,290	16,829	6,766

Litigation and claims:

Ooredoo Tunisie S.A. received additional tax claims amounting to KD 12,084 thousands (including penalties and interests) for assessment periods 1 January 2013 to 31 December 2015. Management has responded to this notification and believes that the prospects of the tax claims matter being resolved in Group's favour are good.

Wataniya Telecom Algerie S.P.A. ("WTA") received additional tax claims amounting to KD 10,091 thousand for assessment periods 1 January 2013 to 31 December 2013. Management has responded to this notification and believes that the prospects of the tax claims matter being resolved in Group's favour are good.

As part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by Ministry of Communications since 26 July 2011 has been 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.

17. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2017.

18. SEGMENTAL INFORMATION

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

		Outside Kuwait					
	Inside Kuwait	Tunisia	Algeria	Maldives	Others	Un-allocated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Three months ended 31 March 2018 (Unaudited)							
Segment revenues	65,511	31,891	60,443	9,648	7,111	-	174,604
Segment results	3,324	1,149	6,129	3,036	(1,259)	(1,720)	10,659
Three months ended 31 March 2017 (Unaudited)							
Segment revenues	47,782	31,779	73,790	9,504	6,168	-	169,023
Segment results	569	418	13,072	3,348	(349)	(282)	16,776
As at 31 March 2018 (Unaudited)							
Segment assets	315,206	182,343	383,841	63,477	83,155	270,267	1,298,289
Investments and other assets	2,900	-	18,323	372	-	-	21,595
Total assets	318,106	182,343	402,164	63,849	83,155	270,267	1,319,884
As at 31 December 2017 (Audited)							
Segment assets	289,264	172,948	411,251	63,480	84,845	269,572	1,291,360
Investments and other assets	6,695	736	21,159	330	-	-	28,920
Total assets	295,959	173,684	432,410	63,810	84,845	269,572	1,320,280
As at 31 March 2017 (Unaudited)							
Segment assets	279,572	206,130	439,169	53,728	67,486	300,379	1,346,464
Investments and other assets	6,873	423	19,700	376	-	-	27,372
Total assets	286,445	206,553	458,869	54,104	67,486	300,379	1,373,836

19. NET IMPACT OF CHANGES IN ACCOUNTING POLICIES

Net Impact of Adopting IFRS 9 and IFRS 15 on Retained earnings and non-controlling interest of the Group:

Net impact from the adoption of IFRS 9 and IFRS 15 as at January 2018 has decreased Retained earnings by KWD 75 thousand, decreased the Fair value reserve by KWD 771 thousand and increased the Non-controlling interest by KWD 168 thousand:

Particulars	**Retained earnings KWD 000's**	**Non-controlling interest KWD 000's**	**Fair value reserve KWD 000's**
Balance under IAS 39 and IAS 18 as at 31 December 2017	**578,400**	**113,917**	**526**
Impact on re-classification and re-measurements:			
i. Investment securities (equity) from available-for-sale to those measured at fair value through other comprehensive income	(1,287)	-	(771)
Impact on recognition of expected credit losses:			
i) Trade receivables	(7,095)	(664)	-
ii) Other financial assets	(52)	-	-
	(7,147)	(664)	
Impact on revenue recognition:			
i) Customer loyalty programme	315	(43)	-
ii) Connection fees	(614)	(205)	-
iii) Multi element arrangements	4,486	-	-
iv) Any other revenue recognised over the period of time	1,004	421	-
v) Handset sales impact	134	15	-
	5,325	188	-
Impact on cost recognition:			
i) Installation cost, commission to third party dealers, marketing expense	4,623	1,262	-
ii) Any other cost recognised over period of time	(910)	(421)	-
iii)Handset cost impact	(131)	(14)	-
	3,582	827	-
Impact on other recognition:			
i) Related tax impact on net impact	(548)	(183)	-
Restated balance under IFRS 9 and IFRS 15 on date of initial application of 1 January 2018	578,325	114,085	(245)