

**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 2017 to 30 June 2017
(Unaudited)**

**Interim condensed consolidated financial information and independent auditor's review report
(Unaudited)**

For the period from 1 January 2017 to 30 June 2017

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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 Company") and subsidiaries (together referred to as "the Group") as at 30 June 2017, and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and six month periods then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended. The Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

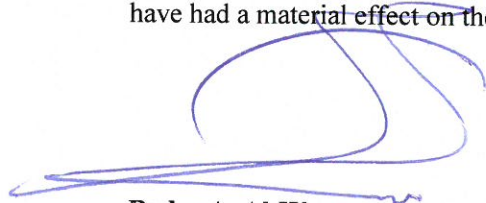
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 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 Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six month period ended 30 June 2017 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
25 July 2017

Interim condensed consolidated statement of financial position (Unaudited)

As at 30 June 2017

	Note	30 June 2017 KD 000's (Unaudited)	31 December 2016 KD 000's (Audited)	30 June 2016 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		599,641	636,145	632,789
Intangible assets and goodwill		403,107	437,625	445,902
Available for sale financial assets		6,734	6,250	6,248
Deferred tax asset		19,231	19,607	2,467
Other non-current assets		1,231	1,301	1,363
		<u>1,029,944</u>	<u>1,100,928</u>	<u>1,088,769</u>
Current assets				
Inventories		18,112	18,257	33,522
Trade and other receivables		169,337	139,657	162,078
Bank balances and cash	5	131,978	130,557	92,648
		<u>319,427</u>	<u>288,471</u>	<u>288,248</u>
Total assets		<u>1,349,371</u>	<u>1,389,399</u>	<u>1,377,017</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Foreign currency translation reserve		(238,894)	(218,122)	(214,725)
Other reserves	6	235,414	234,674	229,698
Retained earnings		560,128	579,566	558,979
Equity attributable to shareholders of the Company		<u>603,453</u>	<u>642,923</u>	<u>620,757</u>
Non-controlling interests		119,360	115,236	102,050
Total equity		<u>722,813</u>	<u>758,159</u>	<u>722,807</u>
LIABILITIES				
Non-current liabilities				
Long term debts	7	95,664	120,545	143,728
Provision for staff indemnity		8,852	8,536	7,806
Other non-current liabilities		18,718	19,015	18,574
		<u>123,234</u>	<u>148,096</u>	<u>170,108</u>
Current liabilities				
Trade and other payables	8	346,319	367,018	361,835
Deferred income		51,876	43,904	47,767
Income tax payable		11,248	10,019	719
Long term debts	7	93,881	62,203	73,781
		<u>503,324</u>	<u>483,144</u>	<u>484,102</u>
Total liabilities		<u>626,558</u>	<u>631,240</u>	<u>654,210</u>
Total equity and liabilities		<u>1,349,371</u>	<u>1,389,399</u>	<u>1,377,017</u>


Saud Bin Nasser Al Thani
Chairman

Interim condensed consolidated statement of profit or loss (Unaudited)
For the period from 1 January 2017 to 30 June 2017

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2017 KD 000's (Unaudited)	2016 KD 000's (Unaudited)	2017 KD 000's (Unaudited)	2016 KD 000's (Unaudited)
Revenue		174,738	175,564	343,761	350,844
Operating expenses		(73,605)	(73,643)	(141,434)	(150,018)
Selling, general and administrative expenses		(41,678)	(47,617)	(82,127)	(94,299)
Depreciation and amortisation		(34,827)	(35,614)	(70,740)	(71,083)
Finance costs – net	11	(2,206)	(4,253)	(4,283)	(6,850)
Impairment loss on available for sale financial assets		(123)	-	(256)	(134)
Other (expenses) / income - net	12	(2,237)	(189)	(2,523)	684
Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		20,062	14,248	42,398	29,144
Provision for Directors' remuneration		(150)	(180)	(300)	(360)
Provision for contribution to KFAS, NLST and Zakat	13	(594)	(566)	(1,275)	(1,114)
Profit before taxation		19,318	13,502	40,823	27,670
Taxation related to subsidiaries		(5,818)	(1,302)	(10,547)	(3,092)
Profit for the period		13,500	12,200	30,276	24,578
<i>Attributable to:</i>					
- Shareholders of the Company		10,372	9,068	23,298	19,280
- Non-controlling interests		3,128	3,132	6,978	5,298
		13,500	12,200	30,276	24,578
Basic and diluted earnings per share (fils)	10	20.70	18.09	46.49	38.47

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 2017 to 30 June 2017

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	13,500	12,200	30,276	24,578
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	(138)	-	484	(177)
Impairment loss on available for sale financial assets transferred to the interim condensed consolidated statement of profit or loss	123	-	256	134
Exchange differences transferred to the interim condensed consolidated statement of profit or loss	-	(2)	-	(2)
Exchange differences arising on translation of foreign operations and fair value reserves	(26,083)	(41,663)	(22,633)	(41,503)
Total other comprehensive loss for the period	(26,098)	(41,665)	(21,893)	(41,548)
Total comprehensive income/(loss) for the period	(12,598)	(29,465)	8,383	(16,970)
<i>Attributable to:</i>				
- Shareholders of the Company	(13,405)	(27,331)	3,266	(16,413)
- Non-controlling interests	807	(2,134)	5,117	(557)
	(12,598)	(29,465)	8,383	(16,970)

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 2017 to 30 June 2017

	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 2017	50,403	(3,598)	(218,122)	234,674	579,566	642,923	115,236	758,159
Comprehensive income								
Profit for the period	-	-	-	-	23,298	23,298	6,978	30,276
Other comprehensive (loss)/income for the period	-	-	(20,772)	740	-	(20,032)	(1,861)	(21,893)
Total comprehensive (loss)/income for the period	-	-	(20,772)	740	23,298	3,266	5,117	8,383
Transfer to employee association fund	-	-	-	-	(137)	(137)	(46)	(183)
Dividend (note 9)	-	-	-	-	(42,599)	(42,599)	(947)	(43,546)
Balance at 30 June 2017	50,403	(3,598)	(238,894)	235,414	560,128	603,453	119,360	722,813
Balance at 1 January 2016	50,403	(3,598)	(179,075)	229,741	589,815	687,286	102,607	789,893
Comprehensive income								
Profit for the period	-	-	-	-	19,280	19,280	5,298	24,578
Other comprehensive loss for the period	-	-	(35,650)	(43)	-	(35,693)	(5,855)	(41,548)
Total comprehensive (loss)/income for the period	-	-	(35,650)	(43)	19,280	(16,413)	(557)	(16,970)
Dividend (note 9)	-	-	-	-	(50,116)	(50,116)	-	(50,116)
Balance at 30 June 2016	50,403	(3,598)	(214,725)	229,698	558,979	620,757	102,050	722,807

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 2017 to 30 June 2017

		Six month period ended 30 June	
	Note	2017 KD 000's (Unaudited)	2016 KD 000's (Unaudited)
Cash flows from operating activities			
Net profit for the period		30,276	24,578
Adjustments for:			
Depreciation and amortisation		70,740	71,083
Finance income	11	(1,125)	(896)
Provision for impairment of receivables		3,776	2,839
Impairment loss on available for sale financial assets		256	134
Taxation relating to subsidiaries		10,547	3,092
(Gain)/ Loss on sale of property and equipment and intangible assets		(205)	13
Finance costs	11	5,408	7,746
Provision for KFAS, NLST and Zakat	13	1,275	1,114
Provision for staff indemnity		1,058	858
		<u>122,006</u>	<u>110,561</u>
Changes in:			
Trade and other receivables and other non-current assets		(33,340)	(24,767)
Inventories		110	1,737
Trade and other payables and other non-current liabilities		(20,849)	744
Cash generated from operations		<u>67,927</u>	<u>88,275</u>
Provision for staff indemnity paid		(880)	(120)
Net cash generated from operating activities		<u>67,047</u>	<u>88,155</u>
Cash flows from investing activities			
(Increase) / decrease in term deposits		(28,008)	42,621
Acquisition of property and equipment		(24,951)	(48,375)
Proceeds from disposal of property and equipment		249	34
Acquisition of intangible assets		(2,119)	(26,621)
Proceeds from disposal of intangible assets		5	-
Acquisition of a subsidiary		-	(10,934)
Finance income received		1,125	896
Net cash used in investing activities		<u>(53,699)</u>	<u>(42,379)</u>
Cash flows from financing activities			
Finance costs paid		(5,408)	(7,746)
Dividends paid		(41,798)	(48,992)
Dividends paid by subsidiaries to non-controlling interest		(3,848)	(2,206)
Payment to employee association fund		(183)	-
Net increase in long term debts		10,136	13,177
Net cash used in financing activities		<u>(41,101)</u>	<u>(45,767)</u>
Effect of foreign currency translation		<u>1,166</u>	<u>20,832</u>
Net change in cash and cash equivalents		<u>(26,587)</u>	<u>20,841</u>
Cash and cash equivalents at beginning of the period		112,961	59,782
Cash and cash equivalents at end of the period	5	<u>86,374</u>	<u>80,623</u>

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.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 25 July 2017.

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2017 to 30 June 2017

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 six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017.

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 2016, 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 2017 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 were applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2016.

5. BANK BALANCES AND CASH

	30 June 2017 KD 000's (Unaudited)	31 December 2016 KD 000's (Audited)	30 June 2016 KD 000's (Unaudited)
Bank balances and cash	78,963	97,463	62,313
Deposits	53,015	33,094	30,335
Bank balances and cash in the interim condensed consolidated statement of financial position	131,978	130,557	92,648
Less: Deposits with original maturities of three months or more	(45,604)	(17,596)	(12,025)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	86,374	112,961	80,623

The effective interest rate on interest earning deposits ranged from 1.75 % to 7.37 % per annum (31 December and 30 June 2016: 1.75% to 7.45% per annum).

Included in deposits with original maturities of three months or more is an amount of KD 7,751 thousand (31 December and 30 June 2016: KD 723 thousand and KD 16 thousand respectively) restricted in accordance with a syndicated loan agreement and other obligations entered into by a subsidiary and the Company.

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2017 to 30 June 2017

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 2017	66,634	32,200	125,688	6,914	(174)	3,412	234,674
Other comprehensive income for the period	-	-	-	-	740	-	740
Balance at 30 June 2017	<u>66,634</u>	<u>32,200</u>	<u>125,688</u>	<u>6,914</u>	<u>566</u>	<u>3,412</u>	<u>235,414</u>
Balance at 1 January 2016	66,634	32,200	120,717	6,914	(136)	3,412	229,741
Other comprehensive loss for the period	-	-	-	-	(43)	-	(43)
Balance at 30 June 2016	<u>66,634</u>	<u>32,200</u>	<u>120,717</u>	<u>6,914</u>	<u>(179)</u>	<u>3,412</u>	<u>229,698</u>

7. LONG TERM DEBTS

	30 June 2017 KD 000's (Unaudited)	31 December 2016 KD 000's (Audited)	30 June 2016 KD 000's (Unaudited)
Current portion			
Due to local banks	44,700	13,900	26,836
Due to local banks related to subsidiaries	47,333	45,565	44,222
Due to foreign banks	1,848	2,738	2,723
	<u>93,881</u>	<u>62,203</u>	<u>73,781</u>
Non-current portion			
Due to local Banks	25	175	-
Due to local banks related to subsidiaries	88,655	108,946	132,264
Due to foreign banks	6,984	11,424	11,464
	<u>95,664</u>	<u>120,545</u>	<u>143,728</u>

Unsecured debts of Wataniya Telecom Algeria S.P.A.'s ("WTA") amounting to KD 75,130 thousand (31 December and 30 June 2016: KD 84,388 thousand and KD 96,812 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 17,035 thousand (31 December and 30 June 2016: KD 18,279 thousand and KD 19,172 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 44,400 thousand (31 December and 30 June 2016: KD 13,600 and KD 26,836 thousand respectively) from 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 50,895 thousand (31 December and 30 June 2016: KD 63,236 thousand and KD 70,680 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 1,760 thousand (31 December and 30 June 2016: KD 2,770 thousand and KD 3,384 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 325 thousand (31 December and 30 June 2016: KD 475 thousand and KD 625 thousand respectively) secured by a guarantee given by a subsidiary. These are denominated in Kuwaiti Dinar.

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2017 to 30 June 2017

8. TRADE AND OTHER PAYABLES

	30 June 2017 KD 000's (Unaudited)	31 December 2016 KD 000's (Audited)	30 June 2016 KD 000's (Unaudited)
Accruals	179,476	180,955	175,532
Trade payables	51,551	70,769	67,831
Amounts due to related parties (note 14)	54,017	54,080	56,908
Other tax payables	14,449	14,511	11,155
Staff payables	12,597	13,263	11,817
Dividends payable	9,873	11,973	9,269
Other payables	24,356	21,467	29,323
	346,319	367,018	361,835

9. DIVIDEND

The Annual General Assembly of the Company, held on 19 March 2017, approved the consolidated financial statements of the Group for the year ended 31 December 2016 and the payment of cash dividend of 85 fils per share amounting to KD 42,599 thousand for the year ended 31 December 2016 (2016: cash dividend of 100 fils per share amounting to KD 50,116 thousand for the year ended 31 December 2015) to the registered shareholders as at the date of Annual General Assembly.

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 30 June		Six month period ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	10,372	9,068	23,298	19,280
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)	20.70	18.09	46.49	38.47

There are no potential dilutive shares as at 30 June 2017 (31 December and 30 June 2016: nil).

11. FINANCE COSTS – NET

	Three month period ended 30 June		Six month period ended 30 June	
	2017 KD 000's (Unaudited)	2016 KD 000's (Unaudited)	2017 KD 000's (Unaudited)	2016 KD 000's (Unaudited)
Finance income	556	566	1,125	896
Finance costs	(2,762)	(4,819)	(5,408)	(7,746)
	(2,206)	(4,253)	(4,283)	(6,850)

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2017 to 30 June 2017

12. OTHER (EXPENSES) / INCOME – NET

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Exchange loss	(1,061)	(182)	(715)	(1,568)
Other operating (expense) / income	(1,176)	(7)	(1,808)	2,252
	<u>(2,237)</u>	<u>(189)</u>	<u>(2,523)</u>	<u>684</u>

13. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
KFAS	(112)	(100)	(250)	(206)
NLST	(343)	(329)	(728)	(642)
Zakat	(139)	(137)	(297)	(266)
	<u>(594)</u>	<u>(566)</u>	<u>(1,275)</u>	<u>(1,114)</u>

14. 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 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 2017 KD 000's (Unaudited)	31 December 2016 KD 000's (Audited)	30 June 2016 KD 000's (Unaudited)
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Shareholders and entities related to shareholders

Payable to Ooredoo Group L.L.C.	43,562	42,807	52,191
Payable to the Ultimate Parent Company	8,755	8,961	3,265
Payable to Ooredoo IP L.L.C.	1,700	2,312	1,452
	<u>54,017</u>	<u>54,080</u>	<u>56,908</u>

*Interim condensed consolidated statement of
profit or loss*

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Shareholders and entities related to shareholders</i>				
a) Management fees to Ooredoo Group L.L.C.	3,717	4,212	7,162	8,483
b) Brand license fees to Ooredoo IP L.L.C.	967	575	1,801	1,175
c) Key management compensation:				
Short term benefits	579	1,901	2,158	4,174
Termination benefits	47	119	166	277
	<u>626</u>	<u>2,020</u>	<u>2,324</u>	<u>4,451</u>

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2017 to 30 June 2017

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).

	Level 1 KD 000's	Level 2 KD 000's	Total KD 000's
30 June 2017 (Unaudited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	-	-	-
Unlisted equity securities	-	4,734	4,734
	-	4,734	4,734
31 December 2016 (Audited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	144	-	144
Unlisted equity securities	-	3,973	3,973
	144	3,973	4,117
30 June 2016 (Unaudited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	139	-	139
Unlisted equity securities	-	3,973	3,973
	139	3,973	4,112

At the reporting date, unlisted equity investments with a carrying value of KD 2,000 thousands (31 December and 30 June 2016: KD 2,133 thousand and KD 2,136 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 material transfers between levels during the periods ended 30 June 2017 (31 December 2016 and 30 June 2016: there are no transfers between levels).

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2017 to 30 June 2017

16. CONTINGENCIES AND COMMITMENTS

	30 June 2017 KD 000's (Unaudited)	31 December 2016 KD 000's (Audited)	30 June 2016 KD 000's (Unaudited)
Capital commitments			
For the acquisition of property and equipment	37,982	33,879	46,279
For the acquisition of Palestinian mobile license	48,378	48,795	48,225
	<u>86,360</u>	<u>82,674</u>	<u>94,504</u>

Operating lease commitments

The Group has a number of operating leases over properties for the erection of communication towers, office facilities and warehouses. The lease expenditure charged to the interim condensed consolidated statement of profit or loss during the period is disclosed under operating expenses. The leases typically run for a period ranging from 1 to 5 years, with an option to renew the lease after that date.

Minimum operating lease commitments under these leases are as follows:

	30 June 2017 KD 000's (Unaudited)	31 December 2016 KD 000's (Audited)	30 June 2016 KD 000's (Unaudited)
Not later than one year	6,923	8,117	7,590
Later than one year but not later than five years	28,412	29,029	27,908
	<u>35,335</u>	<u>37,146</u>	<u>35,498</u>
Contingent liabilities			
Letters of guarantee	2,223	1,932	3,479
Letters of credit	8,307	3,107	3,021
	<u>10,530</u>	<u>5,039</u>	<u>6,500</u>

Ooredoo Tunisie S.A. received a notification for tax assessment covering the period from 1 January 2013 to 31 December 2015. The assessment is currently ongoing.

A 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 2016.

Notes to the interim condensed consolidated financial information
For the period from 1 January 2017 to 30 June 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						Total KD 000's
	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Maldives KD 000's	Others KD 000's	Un-allocated KD 000's	
Three months ended 30 June 2017 (Unaudited)							
Segment revenues	57,439	30,463	71,664	8,706	6,466	-	174,738
Segment results	1,055	231	10,355	2,650	(494)	(297)	13,500
Three months ended 30 June 2016 (Unaudited)							
Segment revenues	50,220	35,680	76,000	7,357	6,307	-	175,564
Segment results	(260)	668	9,362	2,365	(204)	269	12,200
Six months ended 30 June 2017 (Unaudited)							
Segment revenues	105,222	62,242	145,454	18,210	12,633	-	343,761
Segment results	1,625	650	23,427	5,998	(845)	(579)	30,276
Six months ended 30 June 2016 (Unaudited)							
Segment revenues	100,232	69,513	152,914	15,689	12,496	-	350,844
Segment results	2,138	1,270	15,788	4,906	(69)	545	24,578
As at 30 June 2017 (Unaudited)							
Segment assets	286,197	175,929	450,895	65,229	69,085	276,071	1,323,406
Investments and other assets	6,734	516	18,382	333	-	-	25,965
Total assets	292,931	176,445	469,277	65,562	69,085	276,071	1,349,371
As at 31 December 2016 (Audited)							
Segment assets	280,526	212,315	452,011	51,073	69,482	298,135	1,363,542
Investments and other assets	6,117	1,187	18,198	355	-	-	25,857
Total assets	286,643	213,502	470,209	51,428	69,482	298,135	1,389,399
As at 30 June 2016 (Unaudited)							
Segment assets	289,403	223,309	429,979	45,787	74,570	305,254	1,368,302
Investments and other assets	6,112	2,387	-	216	-	-	8,715
Total assets	295,515	225,696	429,979	46,003	74,570	305,254	1,377,017

19. SUBSEQUENT EVENT

During April 2017, Ooredoo Maldives announced its plan to proceed with a listing of its shares on the Maldives Stock Exchange through an Initial Public Offering ("IPO"). The shares were offered in the IPO in May 2017 and subscriptions were received for a total of 14,045,260 shares from 8,257 applicants representing 9.5% of the total paid up share capital.

Ooredoo Maldives is in the process of finalising the allotment with the Maldives Security Depository and Maldives Security Exchange. Trading of the shares is expected to start in August 2017.