

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



**Interim condensed consolidated financial information and independent auditors' review report for
the period from 1 January 2016 to 30 September 2016
(Unaudited)**

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

The Board of Directors

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

State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of National Mobile Telecommunications Company K.S.C.P. ("the Company") and subsidiaries (together referred to as "the Group"), which comprises the interim condensed consolidated statement of financial position as at 30 September 2016, the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and nine month periods ended 30 September 2016, the interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and notes to the interim condensed consolidated financial information. The Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

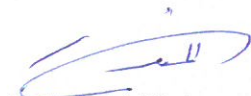
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

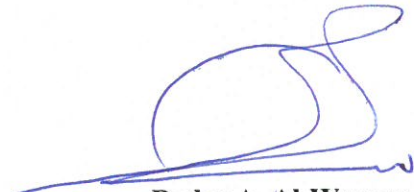
Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information (continued)

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records. We further report that to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or the Memorandum of Incorporation and Articles of Association of the Company during the nine month period ended 30 September 2016 that might have had material effect on the Company's activities or on its financial position.



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Kuwait: 24 October 2016

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



As at 30 September 2016

	Note	30 September 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 September 2015 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		633,881	660,803	653,663
Intangible assets and goodwill		451,519	453,205	485,067
Available for sale financial assets		6,254	6,438	6,457
Deferred tax asset		1,118	2,046	1,565
Other non-current assets		1,339	295	299
		<u>1,094,111</u>	<u>1,122,787</u>	<u>1,147,051</u>
Current assets				
Inventories		26,796	34,874	33,837
Trade and other receivables		147,956	135,465	146,958
Bank balances and cash	5	113,814	114,428	117,040
		<u>288,566</u>	<u>284,767</u>	<u>297,835</u>
Total assets		<u>1,382,677</u>	<u>1,407,554</u>	<u>1,444,886</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Reserves		18,218	50,666	60,425
Retained earnings		571,900	589,815	594,120
Equity attributable to shareholders of the Company		<u>636,923</u>	<u>687,286</u>	<u>701,350</u>
Non-controlling interests		105,280	102,607	107,324
Total equity		<u>742,203</u>	<u>789,893</u>	<u>808,674</u>
LIABILITIES				
Non-current liabilities				
Long term debts	6	133,345	126,775	138,693
Provision for staff indemnity		8,335	6,224	6,584
Other non-current liabilities		18,593	18,915	18,907
		<u>160,273</u>	<u>151,914</u>	<u>164,184</u>
Current liabilities				
Trade and other payables	7	358,186	355,628	369,144
Deferred income		46,235	42,422	35,101
Income tax payable		2,027	720	-
Long term debts	6	73,753	66,977	67,783
		<u>480,201</u>	<u>465,747</u>	<u>472,028</u>
Total liabilities		<u>640,474</u>	<u>617,661</u>	<u>636,212</u>
Total equity and liabilities		<u>1,382,677</u>	<u>1,407,554</u>	<u>1,444,886</u>

Saud Bin Nasser Al Thani
Chairman

Chairman Office مكتب الرئيس

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

National Mobile Telecommunications Company K.S.C.P. and Subsidiaries
Interim condensed consolidated statement of profit or loss (Unaudited)



For the period from 1 January 2016 to 30 September 2016

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2016 KD 000's (Unaudited)	2015 KD 000's (Unaudited)	2016 KD 000's (Unaudited)	2015 KD 000's (Unaudited)
Revenue		182,118	188,800	532,962	547,887
Operating expenses		(74,484)	(70,364)	(224,502)	(216,378)
Selling, general and administrative expenses		(47,725)	(51,642)	(142,024)	(152,638)
Depreciation and amortisation		(36,307)	(38,497)	(107,390)	(109,748)
Finance costs – net	10	(2,548)	(2,867)	(8,038)	(6,918)
Impairment loss on available for sale financial assets		-	-	(134)	-
Other expenses – net	11	(1,719)	(2,244)	(2,395)	(15,447)
Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		19,335	23,186	48,479	46,758
Provision for Directors' remuneration		(90)	(180)	(450)	(602)
Provision for contribution to KFAS, NLST and Zakat	12	(778)	(630)	(1,892)	(1,235)
Profit before taxation		18,467	22,376	46,137	44,921
Taxation related to subsidiaries		(2,868)	(5,348)	(5,960)	(11,037)
Profit for the period		15,599	17,028	40,177	33,884
<i>Attributable to:</i>					
- Shareholders of the Company		12,921	13,271	32,201	28,113
- Non-controlling interests		2,678	3,757	7,976	5,771
		15,599	17,028	40,177	33,884
Basic and diluted earnings per share (fils)	9	25.78	26.48	64.25	56.10

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

National Mobile Telecommunications Company K.S.C.P. and Subsidiaries
Interim condensed consolidated statement of comprehensive income (Unaudited)



For the period from 1 January 2016 to 30 September 2016

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	15,599	17,028	40,177	33,884
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>				
Change in fair value of available for sale financial assets	1	-	(176)	(568)
Impairment loss on available for sale financial assets transferred to the interim condensed consolidated statement of profit or loss	-	-	134	-
Exchange differences transferred to the interim condensed consolidated statement of profit or loss	-	-	(2)	-
Exchange differences arising on translation of foreign operations and fair value reserves	3,796	(15,890)	(37,707)	(36,867)
Total other comprehensive income / (loss) for the period	3,797	(15,890)	(37,751)	(37,435)
Total comprehensive income / (loss) for the period	19,396	1,138	2,426	(3,551)
<i>Attributable to:</i>				
- Shareholders of the Company	16,166	1,285	(247)	(510)
- Non-controlling interests	3,230	(147)	2,673	(3,041)
	19,396	1,138	2,426	(3,551)

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

National Mobile Telecommunications Company K.S.C.P. and Subsidiaries
Interim condensed consolidated statement of changes in equity (Unaudited)



For the period from 1 January 2016 to 30 September 2016

	Reserves										Equity attributable to shareholders of the Company KD 000's	Non-controlling interests KD 000's	Total equity KD 000's	
	Share capital KD 000's	Treasury shares KD 000's	Share premium KD 000's	Statutory reserve KD 000's	General reserve KD 000's	Gain on sale of treasury shares KD 000's	Fair value reserve KD 000's	Foreign currency translation reserve KD 000's	Other reserves KD 000's	Total reserves KD 000's				
Balance at 1 January 2016	50,403	(3,598)	66,634	32,200	120,717	6,914	(136)	(179,075)	3,412	50,666	589,815	687,286	102,607	789,893
Profit for the period	-	-	-	-	-	-	-	-	-	-	32,201	32,201	7,976	40,177
Other comprehensive loss for the period	-	-	-	-	-	-	(42)	(32,406)	-	(32,448)	-	(32,448)	(5,303)	(37,751)
Total comprehensive income for the period	-	-	-	-	-	-	(42)	(32,406)	-	(32,448)	32,201	(247)	2,673	2,426
Dividend (note 8)	-	-	-	-	-	-	-	-	-	-	(50,116)	(50,116)	-	(50,116)
Balance at 30 September 2016	50,403	(3,598)	66,634	32,200	120,717	6,914	(178)	(211,481)	3,412	18,218	571,900	636,923	105,280	742,203
Balance at 1 January 2015	50,403	(3,598)	66,634	32,200	117,854	6,914	423	(138,389)	3,412	89,048	601,088	736,941	116,447	853,388
Profit for the period	-	-	-	-	-	-	-	-	-	-	28,113	28,113	5,771	33,884
Other comprehensive loss for the period	-	-	-	-	-	-	(568)	(28,055)	-	(28,623)	-	(28,623)	(8,812)	(37,435)
Total comprehensive loss for the period	-	-	-	-	-	-	(568)	(28,055)	-	(28,623)	28,113	(510)	(3,041)	(3,551)
Dividend (note 8)	-	-	-	-	-	-	-	-	-	-	(35,081)	(35,081)	(6,082)	(41,163)
Balance at 30 September 2015	50,403	(3,598)	66,634	32,200	117,854	6,914	(145)	(166,444)	3,412	60,425	594,120	701,350	107,324	808,674

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

National Mobile Telecommunications Company K.S.C.P. and Subsidiaries
Interim condensed consolidated statement of cash flows (Unaudited)



For the period from 1 January 2016 to 30 September 2016

	Note	Nine month period ended 30 September	
		2016 KD 000's (Unaudited)	2015 KD 000's (Unaudited)
Cash flows from operating activities			
Net profit for the period		40,177	33,884
Adjustments for:			
Depreciation and amortisation		107,390	109,748
Dividend income	11	-	(1)
Finance income	10	(1,349)	(612)
Provision for impairment of receivables		4,739	6,751
Impairment loss on available for sale financial assets		134	-
Taxation relating to subsidiaries		5,960	11,037
Loss / (gain) on sale of property and equipment and intangible assets		13	(652)
Finance costs	10	9,387	7,530
Provision for KFAS, NLST and Zakat	12	1,892	1,235
Provision for staff indemnity		1,455	1,299
		<u>169,798</u>	<u>170,219</u>
<i>Changes in:</i>			
Trade and other receivables and other non-current assets		(12,657)	45,696
Inventories		8,463	986
Trade and other payables and other non-current liabilities		<u>(5,068)</u>	<u>(88,534)</u>
Cash generated from operations		<u>160,536</u>	<u>128,367</u>
Provision for staff indemnity paid		<u>(184)</u>	<u>(333)</u>
Net cash generated from operating activities		<u>160,352</u>	<u>128,034</u>
Cash flows from investing activities			
Decrease / (increase) in term deposits		41,309	(12,949)
Proceeds from sale of available for sale financial assets		-	21
Purchase of property and equipment		(75,367)	(94,434)
Proceeds from disposal of property and equipment		29	689
Purchase of intangible assets		(36,542)	(5,569)
Acquisition of subsidiary	18	(10,934)	-
Dividend income received		-	1
Finance income received		1,349	612
Net cash used in investing activities		<u>(80,156)</u>	<u>(111,629)</u>
Cash flows from financing activities			
Finance costs paid		(9,387)	(7,530)
Dividends paid		(49,383)	(34,808)
Dividends paid by subsidiary to non-controlling interest		(2,105)	(14,912)
Net increase in term debts		2,766	37,075
Net cash used in financing activities		<u>(58,109)</u>	<u>(20,175)</u>
Effect of foreign currency translation		<u>18,608</u>	<u>18,462</u>
Net change in cash and cash equivalents		<u>40,695</u>	<u>14,692</u>
Cash and cash equivalents at beginning of the period		59,782	82,357
Cash and cash equivalents at end of the period	5	<u>100,477</u>	<u>97,049</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 subsidiaries (together referred to as "the Group") are engaged in the following:

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

The Company operates in the State of Kuwait under a licence from the Ministry of Communications 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 Stock Exchange.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016, cancelled the Companies Law No 25 of 2012, and its amendments. According to Article No. 5, the new Law was effective retrospectively from 26 November 2012. The Minister of Commerce has issued the Executive Regulations of Law No 1 of 2016 (by Ministerial Resolution No 287 of 2016 issued on 12 July 2016) and cancelled the Executive regulations of Company Law No 25 of 2012. The new Executive Regulations are effective from 17 July 2016, the date when published in Kuwait Gazette. As per Article No 21 of the new Executive Regulations, all companies have a grace period of 6 months from the date of publication of the Executive Regulation to comply with the new regulations.

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 authorised for issue by the Board of Directors of the Company on 24 October 2016.

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 nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2016. These changes did not result in any material impact on the accounting policies, financial position or performance of the Group.

Standard issued but not yet effective

Standard issued during the period ended 30 September 2016 but not yet effective is listed below:

IFRS 16 Leases

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

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

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

4. JUDGEMENTS AND ESTIMATES

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

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

For the period from 1 January 2016 to 30 September 2016

5. BANK BALANCES AND CASH

	30 September 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 September 2015 KD 000's (Unaudited)
Bank balances and cash	79,230	57,262	78,137
Deposits	34,584	57,166	38,903
Bank balances and cash in the interim condensed consolidated statement of financial position	113,814	114,428	117,040
Less: Deposits with original maturities of three months or more	(13,337)	(54,646)	(19,991)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	100,477	59,782	97,049

The effective interest rate on interest earning deposits ranged from 1.75% to 7.45% per annum (31 December and 30 September 2015: 1.75% to 6.9% per annum).

Bank balances and cash include KD 47 thousand (31 December and 30 September 2015: KD 50 thousand and KD 34 thousand respectively) held as part of a managed portfolio.

Included in deposits with original maturities of three months or more is an amount of KD 673 thousand (31 December and 30 September 2015: KD 7 thousand) restricted in accordance with a subsidiary's syndicated loan agreement.

6. LONG TERM DEBTS

	30 September 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 September 2015 KD 000's (Unaudited)
Current portion			
Due to local banks	27,100	-	-
Due to local banks related to subsidiaries	43,919	63,063	64,410
Due to foreign banks	2,734	3,914	3,373
	73,753	66,977	67,783
Non-current portion			
Due to local banks related to subsidiaries	122,515	114,402	125,134
Due to foreign banks	10,830	12,373	13,559
	133,345	126,775	138,693

Long term debts amounting to KD 89,346 thousand (31 December and 30 September 2015: KD 127,522 thousand and KD 136,199 thousand respectively) are secured by pledges on Wataniya Telecom Algeria S.P.A.'s ("WTA") assets. In addition, WTA is subject to various obligations and financial covenants over the terms of those debts.

Long term debts amounting to KD 18,599 thousand (31 December and 30 September 2015: KD 20,922 thousand and KD 21,685 thousand respectively) are secured by Wataniya Palestine Mobile Telecom Limited's ("WPT") assets.

6. LONG TERM DEBTS (CONTINUED)

Long term debts amounting to KD 27,100 thousand (31 December and 30 September 2015: nil) are secured by promissory notes signed by the Company as guarantee of the loan.

Long term debts amounting to KD 68,154 thousand (31 December and 30 September 2015: KD 41,396 thousand and KD 43,817 thousand respectively) are not secured by any pledge by Ooredoo Tunisie S.A., but the loan arrangements contain financial covenants to be tested on an annual basis.

Long term debts amounting to KD 3,349 thousand (31 December and 30 September 2015: KD 3,912 thousand and KD 4,775 thousand respectively) are secured by Ooredoo Maldives Private Limited fixed deposits.

Long term debts amounting to KD 550 thousand are secured against Fast Telecommunication Company's assets (31 December and 30 September 2015: nil) .

7. TRADE AND OTHER PAYABLES

	30 September 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 September 2015 KD 000's (Unaudited)
Trade payables	77,477	79,410	66,438
Accruals	169,989	172,824	208,228
Amounts due to related parties (note 13)	61,979	41,611	39,085
Other tax payables	12,917	14,485	15,143
Staff payables	2,252	13,485	12,097
Dividends payable	8,948	10,320	5,688
Other payables	24,624	23,493	22,465
	358,186	355,628	369,144

8. DIVIDEND

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

For the period from 1 January 2016 to 30 September 2016

9. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	12,921	13,271	32,201	28,113
Number of shares outstanding:				
Weighted average number of paid up shares (thousands)	504,033	504,033	504,033	504,033
Weighted average number of treasury shares (thousands)	(2,871)	(2,871)	(2,871)	(2,871)
Weighted average number of outstanding shares (thousands)	501,162	501,162	501,162	501,162
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	25.78	26.48	64.25	56.10

There are no potential dilutive shares as at 30 September 2016 (31 December and 30 September 2015: nil).

10. FINANCE COSTS – NET

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income	453	155	1,349	612
Finance costs	(3,001)	(3,022)	(9,387)	(7,530)
	(2,548)	(2,867)	(8,038)	(6,918)

11. OTHER EXPENSES – NET

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Dividend income	-	-	-	1
Exchange (loss) / gain	(988)	743	(2,556)	(12,588)
Other operating (expense) / income	(731)	(2,987)	161	(2,860)
	(1,719)	(2,244)	(2,395)	(15,447)

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12. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
KFAS	(140)	(116)	(346)	(210)
NLST	(439)	(367)	(1,081)	(732)
Zakat	(199)	(147)	(465)	(293)
	<u>(778)</u>	<u>(630)</u>	<u>(1,892)</u>	<u>(1,235)</u>

13. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, Ooredoo Q.S.C. and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and 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 September 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 September 2015 KD 000's (Unaudited)
<i>Shareholders and entities related to shareholders</i>			
Payable to Ooredoo Group L.L.C.	50,965	37,247	35,048
Payable to the Ultimate Parent Company	9,082	3,258	3,203
Payable to Ooredoo IP L.L.C.	1,932	1,106	834
	<u>61,979</u>	<u>41,611</u>	<u>39,085</u>

<i>Interim condensed consolidated statement of profit or loss</i>	Three month period ended 30 September		Nine month period ended 30 September	
	2016	2015	2016	2015
	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.	4,895	4,307	13,377	13,035
b) Brand license fees to Ooredoo IP L.L.C.	554	288	1,730	838
c) Key management compensation:				
Short term benefits	2,009	871	5,390	4,266
Termination benefits	749	56	1,062	449
	<u>2,758</u>	<u>927</u>	<u>6,452</u>	<u>4,715</u>

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value measurements recognised in the interim condensed consolidated statement of financial position

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

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

	Level 1	Level 2	Total
	KD 000's	KD 000's	KD 000's
30 September 2016 (Unaudited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	144	-	144
Unlisted equity securities	-	3,973	3,973
	<u>144</u>	<u>3,973</u>	<u>4,117</u>
31 December 2015 (Audited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	316	-	316
Unlisted equity securities	-	3,973	3,973
	<u>316</u>	<u>3,973</u>	<u>4,289</u>
30 September 2015 (Unaudited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	331	-	331
Unlisted equity securities	-	3,972	3,972
	<u>331</u>	<u>3,972</u>	<u>4,303</u>

At the reporting date, unlisted equity investments with a carrying value of KD 2,137 thousand (31 December and 30 September 2015: KD 2,149 thousand and KD 2,154 thousand 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 period/year ended 30 September 2016, 31 December 2015 and 30 September 2015.

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15. COMMITMENTS AND CONTINGENT LIABILITIES

	30 September 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 September 2015 KD 000's (Unaudited)
Capital commitments			
For the acquisition of property and equipment	76,233	56,420	62,936
For the acquisition of Palestinian mobile license	48,106	48,455	48,254
	124,339	104,875	111,190

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 September 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 September 2015 KD 000's (Unaudited)
Not later than one year	7,969	7,545	7,708
Later than one year but not later than five years	28,067	33,997	27,089
	36,036	41,542	34,797
Contingent liabilities			
Letters of guarantee	2,713	4,120	3,715
Letters of credit	3,013	3,405	3,405
	5,726	7,525	7,120

16. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2015.



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17. SEGMENTAL INFORMATION

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

	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Others KD 000's	Un-allocated KD 000's	Total KD 000's
Three month ended 30 September 2016						
(Unaudited)						
Segment revenues	48,444	37,333	81,491	14,850	-	182,118
Segment results	4,556	3,051	6,093	2,595	(696)	15,599
Three month ended 30 September 2015						
(Unaudited)						
Segment revenues	47,766	41,071	87,032	12,931	-	188,800
Segment results	2,821	3,833	12,226	966	(2,818)	17,028
Nine month ended 30 September 2016						
(Unaudited)						
Segment revenues	148,676	106,846	234,405	43,035	-	532,962
Segment results	6,694	4,321	21,881	7,432	(151)	40,177
Nine month ended 30 September 2015						
(Unaudited)						
Segment revenues	139,057	116,616	255,819	36,395	-	547,887
Segment results	7,339	12,457	15,694	1,674	(3,280)	33,884

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17. SEGMENTAL INFORMATION (CONTINUED)

	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Others KD 000's	Un-allocated KD 000's	Total KD 000's
As at 30 September 2016 (Unaudited)						
Segment assets	290,340	224,234	434,231	119,418	307,082	1,375,305
Investments and other assets	6,117	1,022	-	233	-	7,372
Total assets	<u>296,457</u>	<u>225,256</u>	<u>434,231</u>	<u>119,651</u>	<u>307,082</u>	<u>1,382,677</u>
As at 31 December 2015 (Audited)						
Segment assets	309,532	200,388	447,326	114,188	327,636	1,399,070
Investments and other assets	6,290	2,057	-	137	-	8,484
Total assets	<u>315,822</u>	<u>202,445</u>	<u>447,326</u>	<u>114,325</u>	<u>327,636</u>	<u>1,407,554</u>
As at 30 September 2015 (Unaudited)						
Segment assets	307,001	200,657	459,291	114,826	355,089	1,436,864
Investments and other assets	6,304	1,528	-	190	-	8,022
Total assets	<u>313,305</u>	<u>202,185</u>	<u>459,291</u>	<u>115,016</u>	<u>355,089</u>	<u>1,444,886</u>

18. BUSINESS COMBINATION

On 2 May 2016, the Group acquired control over Fast Telecommunications Company W.L.L, Kuwait ("Fast Telco"), through an acquisition of 100% equity interest (ordinary equity shares) for a total net consideration of KD 10,934 thousand. The initial accounting of the business acquisition of Fast Telco was carried out during the period ended 30 September 2016 using provisional values of identifiable assets, liabilities and contingent liabilities. Goodwill and fair value adjustments, if any, on acquisition will be finalized on completion of the Purchase Price Allocation within one year from the acquisition date.

The net assets of Fast Telco acquired amounted to KD 4,860 thousand based on the fair value amount of assets and liabilities with a resultant goodwill of KD 6,140 thousand. The goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise from the acquisition.

From the date of acquisition, Fast Telco contributed revenues of KD 5,296 thousand and net loss of KD 103 thousand to the net results of the Group for the period ended 30 September 2016.