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 30 September 2018 (Unaudited)

Interim condensed consolidated financial information and independent auditor's review report (Unaudited)
For the period from 1 January 2018 to 30 September 2018

Index

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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 Parent Company") and subsidiaries (together referred to as "the Group") as at 30 September 2018, and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three and nine month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine 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 books of the accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violation of the Companies Law No. 1 of 2016 and its executive regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine month period ended 30 September 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

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

Kuwait
25 October 2018

Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2018

	Note	30 September 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 September 2017 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		**518,464**	562,906	580,478
Intangible assets and goodwill		**337,904**	389,381	392,754
Investment securities		**2,904**	6,695	6,729
Deferred tax assets		**19,577**	22,225	22,496
Other non-current assets		**2,467**	2,716	1,236
Deferred contract cost and assets		**6,106**	-	-
		887,422	983,923	1,003,693
Current assets				
Inventories		**25,609**	26,120	19,578
Deferred contract cost and assets		**7,719**	-	-
Trade and other receivables		**163,557**	181,375	191,674
Bank balances and cash	5	**87,967**	128,862	141,016
		284,852	336,357	352,268
Total assets		**1,172,274**	1,320,280	1,355,961
EQUITY AND LIABILITIES				
EQUITY				
Share capital		**50,403**	50,403	50,403
Treasury shares		**(3,598)**	(3,598)	(3,598)
Foreign currency translation reserve		**(289,216)**	(252,364)	(249,488)
Other reserves	6	**237,070**	239,573	235,409
Retained earnings		**560,319**	578,400	577,817
Equity attributable to shareholders of the Company		**554,978**	612,414	610,543
Non-controlling interests		**108,562**	113,917	120,834
Total equity		**663,540**	726,331	731,377
LIABILITIES				
Non-current liabilities				
Long term debts	7	**40,376**	60,191	83,695
Provision for staff indemnity		**10,527**	9,527	9,129
Other non-current liabilities		**16,206**	19,699	19,686
Contract Liabilities		**919**	-	-
		68,028	89,417	112,510
Current liabilities				
Trade and other payables	8	**288,557**	348,622	362,644
Deferred income		**49,484**	57,302	50,163
Contract Liabilities		**2,914**	-	-
Income tax payable		**11,420**	22,746	18,767
Long term debts	7	**88,331**	75,862	80,500
		440,706	504,532	512,074
Total liabilities		**508,734**	593,949	624,584
Total equity and liabilities		**1,172,274**	1,320,280	1,355,961

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 30 September 2018

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2018	2017	**2018**	2017
		KD 000's	KD 000's	**KD 000's**	KD 000's
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue		**161,004**	178,847	**502,378**	522,608
Operating expenses		**(69,944)**	(73,699)	**(227,587)**	(215,133)
Selling, general and administrative expenses		**(40,815)**	(40,900)	**(126,139)**	(123,027)
Depreciation and amortisation		**(34,605)**	(37,552)	**(104,856)**	(108,292)
Finance costs - net	11	**(1,920)**	(2,143)	**(5,205)**	(6,426)
Impairment loss reversal/(charge) on investment securities		**26**	-	**129**	(256)
Other Income/(expenses) - net	12	**(2,332)**	(1,366)	**(2,529)**	(3,889)
Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		**11,414**	23,187	**36,191**	65,585
Provision for Directors' remuneration		**(156)**	(150)	**(493)**	(450)
Provision for contribution to KFAS, NLST and Zakat	13	**(177)**	(609)	**(908)**	(1,884)
Profit before taxation		**11,081**	22,428	**34,790**	63,251
Taxation related to subsidiaries		**(5,504)**	(7,186)	**(14,433)**	(17,733)
Profit for the period		**5,577**	15,242	**20,357**	45,518
Attributable to:					
- Shareholders of the Company		**3,976**	11,456	**16,206**	34,754
- Non-controlling interests		**1,601**	3,786	**4,151**	10,764
		5,577	15,242	**20,357**	45,518
Basic and diluted earnings per share (fils)	10	**7.93**	22.86	**32.34**	69.35

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 30 September 2018

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	KD 000's	KD 000's	**KD 000's**	KD 000's
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period	**5,577**	15,242	**20,357**	45,518
Other comprehensive income				
Items that will not be reclassified subsequently to interim condensed consolidated income statement				
Effect of net changes in fair value of equity instruments which are carried at fair value through other comprehensive income	**2**	-	**(1,732)**	-
Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss				
Impairment loss on Available for sale investment securities transferred to the interim condensed consolidated statement of profit or loss	**-**	-	**-**	256
Change in Fair Value of Available for sale investment securities	**-**	(5)	**-**	479
Exchange differences arising on translation of foreign operations	**(20,925)**	(14,499)	**(42,333)**	(37,132)
Total other comprehensive loss for the period	**(20,923)**	(14,504)	**(44,065)**	(36,397)
Total comprehensive (loss)/income for the period	**(15,346)**	738	**(23,708)**	9,121
Attributable to:				
- Shareholders of the Company	**(14,235)**	857	**(22,378)**	4,123
- Non-controlling interests	**(1,111)**	(119)	**(1,330)**	4,998
	(15,346)	738	**(23,708)**	9,121

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 30 September 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 on adoption of IFRS 9 & 15	**-**	**-**	**-**	**(771)**	**1,429**	**658**	**138**	**796**
Restated Balance at 1 January 2018	**50,403**	**(3,598)**	**(252,364)**	**238,802**	**579,829**	**613,072**	**114,055**	**727,127**
Comprehensive income								
Profit for the period	**-**	**-**	**-**	**-**	**16,206**	**16,206**	**4,151**	**20,357**
Other comprehensive income / (loss) for the period	**-**	**-**	**(36,852)**	**(1,732)**	**-**	**(38,584)**	**(5,481)**	**(44,065)**
Total comprehensive income / (loss) for the period	**-**	**-**	**(36,852)**	**(1,732)**	**16,206**	**(22,378)**	**(1,330)**	**(23,708)**
Transfer to employee association fund	**-**	**-**	**-**	**-**	**(140)**	**(140)**	**(47)**	**(187)**
Dividend (note 9)	**-**	**-**	**-**	**-**	**(35,081)**	**(35,081)**	**(9,344)**	**(44,425)**
Effect of issue of right shares by a subsidiary	**-**	**-**	**-**	**-**	**(495)**	**(495)**	**5,228**	**4,733**
Balance at 30 September 2018	**50,403**	**(3,598)**	**(289,216)**	**237,070**	**560,319**	**554,978**	**108,562**	**663,540**
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	-	-	-	-	34,754	34,754	10,764	45,518
Other comprehensive (loss) / income for the period	-	-	(31,366)	735	-	(30,631)	(5,766)	(36,397)
Total comprehensive (loss) / income for the period	-	-	(31,366)	735	34,754	4,123	4,998	9,121
Transfer to employee association fund	-	-	-	-	(137)	(137)	(46)	(183)
Effect of dilution of ownership interest	-	-	-	-	6,233	6,233	1,593	7,826
Dividend (note 9)	-	-	-	-	(42,599)	(42,599)	(947)	(43,546)
Balance at 30 September 2017	50,403	(3,598)	(249,488)	235,409	577,817	610,543	120,834	731,377

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 30 September 2018

	Note	Nine month period ended 30 September 2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)
Cash flows from operating activities			
Net profit for the period		**20,357**	45,518
Adjustments for:			
Depreciation and amortisation		**104,856**	108,292
Dividend Income		**(3)**	-
Interest income	11	**(1,075)**	(1,612)
Provision for impairment of trade and other receivable		**9,067**	6,474
Impairment loss reversal / (charge) on investment securities		**(129)**	256
Taxation relating to subsidiaries		**14,433**	17,732
Gain on sale of property and equipment and intangible assets		**(99)**	(326)
Finance costs	11	**6,280**	8,038
Provision for KFAS, NLST and Zakat	13	**908**	1,884
Provision for staff indemnity		**1,546**	1,491
		156,141	187,747
Changes in:			
Deferred contract cost and assets; Trade and other receivables; and other non-current assets		**(3,295)**	(57,698)
Inventories		**470**	(1,440)
Trade and other payables; contract liabilities and other non-current liabilities		**(80,148)**	(8,132)
Cash generated from operations		**73,168**	120,477
Payment of staff indemnity		**(470)**	(1,026)
Net cash generated from operating activities		**72,698**	119,451
Cash flows from investing activities			
Decrease/(increase) in term deposits		**29,363**	(24,348)
Purchase of property and equipment		**(57,606)**	(49,648)
Proceeds from disposal of property and equipment		**2,039**	403
Purchase of intangible assets		**(3,204)**	(3,010)
Proceeds from disposal of intangible assets		**253**	5
Dividend income received		**3**	-
Proceeds from share issue of a subsidiary		**-**	7,826
Interest income received		**1,075**	1,612
Net cash used in from investing activities		**(28,077)**	(67,160)
Cash flows from financing activities			
Finance costs paid		**(6,280)**	(8,038)
Dividends paid		**(34,809)**	(42,314)
Dividends paid by subsidiary to non-controlling interest		**(19,253)**	(4,989)
Payment to employee association fund		**(187)**	(183)
Net decrease in term debts		**(1,898)**	(15,214)
Proceeds from right issue of shares by a subsidiary		**4,733**	-
Net cash used in financing activities		**(57,694)**	(70,738)
Effect of foreign currency translation		**1,412**	4,558
Net change in cash and cash equivalents		**(11,661)**	(13,889)
Cash and cash equivalents at beginning of the period		**77,934**	112,961
Cash and cash equivalents at end of the period	5	**66,273**	99,072

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 25 October 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 Nine month period ended 30 September 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 these 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 Trade and other receivables, 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.

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 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.

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 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.

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 except for the changes resulting from adoption of IFRS 9 and IFRS 15 (set out in note 3).

5. BANK BALANCES AND CASH

	30 September 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 September 2017 KD 000's (Unaudited)
Bank balances and cash	**52,430**	69,386	97,709
Deposits	**35,537**	59,476	43,307
Bank balances and cash in the interim condensed consolidated statement of financial position	**87,967**	128,862	141,016
Less: Deposits with original maturities of three months or more	**(21,694)**	(50,928)	(41,944)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	**66,273**	77,934	99,072

The effective interest rate on interest earning deposits ranged from 1.75% to 11.35% per annum (31 December 2017: 1.75% to 7.98% per annum and 30 September 2017: 1.75% to 7.53%).

Included in deposits with original maturities of three months or more is an amount of KD 9,138 thousand (31 December and 30 September 2017: KD 7,864 thousand and KD 7,357 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	-	-	-	-	(1,732)	-	(1,732)
Balance at 30 September 2018	**66,634**	**32,200**	**129,887**	**6,914**	**(1,977)**	**3,412**	**237,070**
Balance at 1 January 2017	66,634	32,200	125,688	6,914	(174)	3,412	234,674
Other comprehensive income for the period	-	-	-	-	735	-	735
Balance at 30 September 2017	66,634	32,200	125,688	6,914	561	3,412	235,409

7. LONG TERM DEBTS

	30 September 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 September 2017 KD 000's (Unaudited)
Current portion			
Due to local banks	**52,600**	34,575	33,650
Due to local banks related to subsidiaries	**35,731**	39,748	45,537
Due to foreign banks	**-**	1,539	1,313
	88,331	75,862	80,500
Non-current portion			
Due to local banks	**-**	-	-
Due to local banks related to subsidiaries	**40,376**	49,409	78,213
Due to foreign banks	**-**	10,782	5,482
	40,376	60,191	83,695

Unsecured debts of Wataniya Telecom Algerie S.P.A.'s ("WTA") amounting to KD 19,436 thousand (31 December and 30 September 2017: KD 34,901 thousand and KD 66,238 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 16,135 thousand (31 December and 30 September 2017: KD 24,310 thousand and KD 16,436 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 52,600 thousand (31 December and 30 September 2017: 34,400 and KD 33,400 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 35,031 thousand (31 December and 30 September 2017: KD 40,578 thousand and KD 45,666 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 5,505 thousand (31 December and 30 September 2017: KD 1,689 thousand and KD 2,205 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 nil (31 December and 30 September 2017: KD 175 thousand and KD 250 respectively) secured by a guarantee given by a subsidiary. These are denominated in Kuwaiti Dinar.

8. TRADE AND OTHER PAYABLES

	30 September 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 September 2017 KD 000's (Unaudited)
Accruals	**149,445**	170,235	204,637
Trade payables	**68,332**	70,144	50,779
Amounts due to related parties (note 14)	**27,213**	50,970	56,325
Other tax payables	**8,556**	14,594	13,111
Staff payables	**9,763**	10,919	13,145
Dividends payable	**6,452**	16,089	8,215
Other payables	**18,796**	15,671	16,432
	288,557	348,622	362,644

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 30 September		**Nine month period ended 30 September**	
	2018 (Unaudited)	2017 (Unaudited)	**2018 (Unaudited)**	2017 (Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	**3,976**	11,456	**16,206**	34,754
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)	**7.93**	22.86	**32.34**	69.35

There are no potential dilutive shares as at 30 September 2018 (31 December and 30 September 2017: nil).

11. FINANCE COSTS – NET

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)	**2018 KD 000's (Unaudited)**	2017 KD 000's (Unaudited)
Interest income	**293**	487	**1,075**	1,612
Finance costs	**(2,213)**	(2,630)	**(6,280)**	(8,038)
	(1,920)	(2,143)	**(5,205)**	(6,426)

12. OTHER INCOME / (EXPENSES) – NET

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)	**2018 KD 000's (Unaudited)**	2017 KD 000's (Unaudited)
Exchange loss	**(1,169)**	(83)	**(1,510)**	(798)
Other operating income/(expense)	**(1,163)**	(1,283)	**(1,022)**	(3,091)
Dividend income	**-**	-	**3**	-
	(2,332)	(1,366)	**(2,529)**	(3,889)

13. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 30 September		Nine month period ended 30 September	
	2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)	**2018 KD 000's (Unaudited)**	2017 KD 000's (Unaudited)
KFAS	**(42)**	(121)	**(177)**	(371)
NLST	**(68)**	(335)	**(443)**	(1,063)
Zakat	**(67)**	(153)	**(288)**	(450)
	(177)	(609)	**(908)**	(1,884)

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	**30 September 2018 KD 000's (Unaudited)**	31 December 2017 KD 000's (Audited)	30 September 2017 KD 000's (Unaudited)
Shareholders and entities related to shareholders			
Payable to Ooredoo Group L.L.C.	**22,746**	49,174	44,977
Payable to the Ultimate Parent Company	**547**	430	8,729
Payable to Ooredoo IP L.L.C.	**3,920**	1,366	2,619
	27,213	50,970	56,325

Interim condensed consolidated statement of profit or loss	Three month period ended 30 September		Nine month period ended 30 September	
	2018 KD 000's (Unaudited)	2017 KD 000's (Unaudited)	**2018 KD 000's (Unaudited)**	2017 KD 000's (Unaudited)
Shareholders and entities related to shareholders				
a) Management fees to Ooredoo Group L.L.C.	**3,437**	3,750	**10,848**	10,912
b) Brand license fees to Ooredoo IP L.L.C.	**925**	937	**3,070**	2,738
c) Key management compensation:				
Short term benefits	**1,708**	2,635	**5,512**	4,793
Termination benefits	**103**	339	**426**	505
	1,811	2,974	**5,938**	5,298

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 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).

30 September 2018 (Unaudited)	**Level 2 KD 000's**	**Total KD 000's**
Fair value through other comprehensive income		
Unlisted equity securities	**2,904**	**2,904**
	2,904	**2,904**
31 December 2017 (Audited)		
Available for sale financial assets:		
Unlisted equity securities	**4,695**	**4,695**
	4,695	**4,695**
30 September 2017 (Unaudited)		
Available for sale financial assets:		
Unlisted equity securities	**4,729**	**4,729**
	4,729	**4,729**

There are no transfers between levels during the periods ended 30 September 2018 (31 December 2017 and 30 September 2017: there are no transfers between levels).

16. CONTINGENCIES AND COMMITMENTS

	30 September 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 September 2017 KD 000's (Unaudited)
Capital commitments			
For the acquisition of property and equipment	**62,605**	60,681	60,556
For the acquisition of Palestinian mobile license	**51,268**	48,215	48,218
	113,873	108,896	108,774

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 2018 KD 000's (Unaudited)	31 December 2017 KD 000's (Audited)	30 September 2017 KD 000's (Unaudited)
Not later than one year	**8,598**	8,216	8,132
Later than one year but not later than five years	**31,402**	29,828	28,941
Later than five years	**984**	981	-
	40,984	39,025	37,073
Contingent liabilities			
Letters of guarantee	**2,423**	2,942	2,312
Letters of credit	**16,277**	13,887	10,361
	18,700	16,829	12,673

Litigation and claims:

Ooredoo Tunisie S.A. received additional tax claims amounting to KD 10,600 thousands (including penalties and interests) for assessment periods 1 January 2013 to 31 December 2015. Management has responded to this notification and received a response from the tax authorities allowing a reduction in tax claims by KD 3,255 thousands. Management has not accepted these claims 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 9,847 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.

In June 2018, Ooredoo Maldives PLC received a notice to pay an additional business profit tax of KD 330 thousands and accrued interest thereon amounting to KD 52 thousands from The Maldives Inland Revenue Authority ("MIRA") based on the business profit tax audits carried out for the years of 2013, 2014 and 2015. Management has filed an objection against this claim. However, MIRA has not responded to this objection as of the reporting date.

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 KD 000's	Tunisia KD 000's	Algeria KD 000's	Maldives KD 000's	Others KD 000's	Un-allocated KD 000's	Total KD 000's
Nine months ended 30 September 2018 (Unaudited)							
Segment revenues – Point over Time	121,459	88,057	171,112	27,182	22,432	-	430,242
Segment revenues – Point in Time	60,255	7,310	2,461	1,566	544	-	72,136
Segment revenues	**181,714**	**95,367**	**173,573**	**28,748**	**22,976**	**-**	**502,378**
Segment results	**3,371**	**4,772**	**10,578**	**7,753**	**(1,104)**	**(5,013)**	**20,357**
Nine months ended 30 September 2017 (Unaudited)							
Segment revenues	160,680	96,204	219,440	27,028	19,256	-	522,608
Segment results	2,014	3,166	35,773	8,666	(736)	(3,365)	45,518
As at 30 September 2018 (Unaudited)							
Segment assets	**289,160**	**149,908**	**335,271**	**60,567**	**80,678**	**234,209**	**1,149,793**
Investments and other assets	**2,903**	**351**	**18,788**	**439**	**-**	**-**	**22,481**
Total assets	**292,063**	**150,259**	**354,059**	**61,006**	**80,678**	**234,209**	**1,172,274**
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 30 September 2017 (Unaudited)							
Segment assets	306,624	170,515	438,987	62,302	76,320	271,988	1,326,736
Investments and other assets	6,729	650	21,497	349	-	-	29,225
Total assets	313,353	171,165	460,484	62,651	76,320	271,988	1,355,961

19. NET IMPACT OF CHANGES IN ACCOUNTING POLICIES

a) 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 increased Retained earnings by KWD 1,429 thousand, decreased the Fair value reserve by KWD 771 thousand and increased the Non-controlling interest by KWD 138 thousand:

Particulars	Retained earnings KD 000's	Non-controlling interest KD 000's	Fair value reserve KD 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 and other receivables	(6,879)	(684)	-
ii) Other financial assets	(133)	(11)	-
	(7,012)	(695)	-
Impact on revenue recognition:			
i) Customer loyalty programme	315	(43)	-
ii) Connection fees	(614)	(205)	-
iii) Multi element arrangements	5,833	-	-
iv) Any other revenue recognised over the period of time	1,023	421	-
v) Handset sales impact	137	17	-
	6,694	190	-
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)	(422)	-
iii)Handset cost impact	(131)	(14)	-
	3,582	826	-
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	**579,829**	**114,055**	**(245)**

b) The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Reclassification and re-measurement	New carrying amount under IFRS 9
			KD '000	KD '000	KD '000
Cash and bank balances	Loans and receivables	Amortised Cost	128,862	(92)	128,770
Trade and other receivables	Loans and receivables	Amortised cost	181,375	(7,615)	173,760
Investment securities	Available for sale	FVOCI	6,695	(2,058)	4,637
Total financial assets			316,932	(9,765)	307,167

The financial assets at amortized cost are after reclassifications and adjustments arising from the adoption of IFRS 15.

Investment securities classified as Available for Sale (AFS) under IAS 39 represent investments that the Group intends to hold for a long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

c) **The following table summarizes the impact on the condensed consolidated statement of profit or loss for the three month and six month periods ended 30 September 2018:**

	Three months ended 30 September 2018 (Unaudited)				Nine months ended 30 September 2018 (Unaudited)			
	KD '000				KD '000			
	Amounts without adoption of IFRS 15 and IFRS 9	**IFRS 15**	**IFRS 9**	**As reported**	**Amounts without adoption of IFRS 15 and IFRS 9**	**IFRS 15**	**IFRS 9**	**As reported**
Revenue	160,520	484	-	**161,004**	503,601	(1,223)	-	**502,378**
Operating expense	(69,861)	(83)	-	**(69,944)**	(227,407)	(180)	-	**(227,587)**
Selling, general and administration expense	(40,525)	15	(305)	**(40,815)**	(123,166)	17	(2,990)	**(126,139)**
Depreciation and amortization	(34,605)	-	-	**(34,605)**	(104,879)	23	-	**(104,856)**
Finance cost – net	(1,920)	-	-	**(1,920)**	(5,257)	-	52	**(5,205)**
Impairment loss/reversal of impairment loss	-	-	26	**26**	-	-	129	**129**
Other expenses – net	(2,332)	-	-	**(2,332)**	(2,529)	-	-	**(2,529)**
Profit before provision for Directors remuneration, contribution to Kuwait Foundation for Advancement of Science ("KFAS"), National Labour Support Tax ("NLST") and Zakat	11,277	416	(279)	**11,414**	40,363	(1,363)	(2,809)	**36,191**
Provision for Directors remuneration	(156)	-	-	**(156)**	(493)	-	-	**(493)**
Provision for contribution to KFAS, NLST and Zakat	(177)	-	-	**(177)**	(908)	-	-	**(908)**
Profit before taxation	10,944	416	(279)	**11,081**	38,962	(1,363)	(2,809)	**34,790**
Taxation related to subsidiaries	(5,435)	(69)	-	**(5,504)**	(14,275)	(158)	-	**(14,433)**
Profit for the period	5,509	347	(279)	**5,577**	24,687	(1,521)	(2,809)	**20,357**

20. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform to current year classification with no effect on net profit or equity.