بسم الله الرحمن الرحیم

H.H. Sheikh Sabah Al ahmad Al Jaber Al Sabah
The Amir of the State of Kuwait

H.H. Sheikh Nawaf Al Ahmad Al Jaber Al Sabah
The Crown Prince

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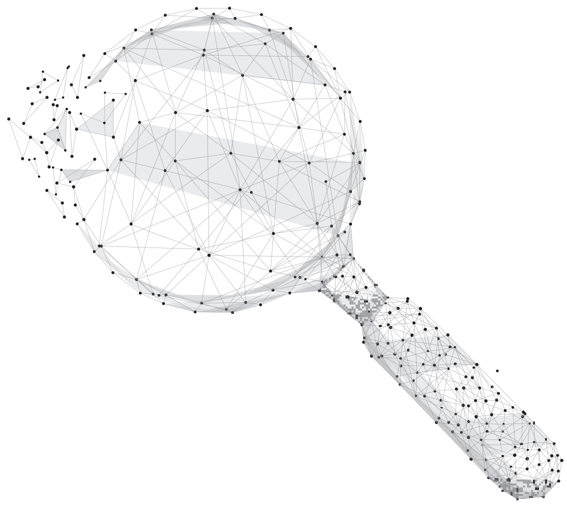

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Mr. AbdulAziz Ibrahim Fakhroo
Vice Chairman

Mr. Fahad Othman Al-Saeed
Board Member

Mr. Youssef Mohammad Al-Sumait
Board Member

Mr. Bader Nasser Al-Humaidi
Board Member

Mr. Ahmed Ali Al-Mohannadi
Board Member

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Head - Enterprise Risk Management

Amine Tazi
Senior Director, Strategy and CEO Support Office

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Senior Director, B2B

Wael Al-Sultan
Senior Director, Customer Care

Mijbil Alayoub
Senior Director, Corporate Communications

Filip Prochazka
Senior Director, Supply Chain

A Message from the Chairman

Dear Respected Shareholders,
I present to you herewith Ooredoo's Kuwait 2017 annual report, which sheds light on the most important developments and achievements that took place in 2017.

In all, 2017 was a transformative year for Ooredoo, as we made great progress in our mission to enrich the digital lives of customers across our footprint. Working together, we have grown our customer base and increased EBITDA by delivering strong performances in some highly competitive markets and focusing on efficiency and cost optimization.

We served 26.3 million customers in 2017, compared to 25.2 million in 2016, and revenues stood at KWD 697.6 million, compared with KWD 706.8 million for the same period last year. EBITDA increased by 6% for 2017 to KWD 255.6 million, compared to EBITDA of KWD 240.2 million for the same period in 2016.

We have grown our customer base in Tunisia, Algeria, Palestine and the Maldives, boosted revenue in Kuwait, and continued to enhance our networks and increase access to digital services for all our customers. This has included enhancing 4G services in Kuwait, Algeria Tunisia and the Maldives, and officially launching operations in Gaza – remarkable achievements made possible by our investment in a state-of-the-art network.

Most importantly, we have listened to the voices of our customers, and developed services and solutions that enrich their digital lives. The support of our customers and shareholders, and our understanding of their aspirations and ambitions, have enabled us to achieve some remarkable successes in 2017.

Here are some of our key achievements from across our operations:

Ooredoo - Kuwait

Ooredoo›s customer base in Kuwait stood at 2.2 million for 2017, representing a 6% decrease compared to the same period in 2016 due to intense competition and the overall market condition. Revenues for 2017 were KWD 222.7 million, an increase of 13% compared to KWD 197.8 million for the same period in 2016. EBITDA was KWD 54.3 million, up from KWD 51.0 million for the same period in 2016.

Ooredoo - Tunisia

Ooredoo’s customer base in Tunisia reached 8.4 million for 2017, an increase of 5% compared to the same period in 2016. Revenues stood at KWD 127.5 million, compared to KWD 142.3 million for the same period in 2016. EBITDA was KWD 50.5 million compared to KWD 57.0 million for the same period in 2016. Tunisian Dinar depreciated by 11% year on year. In local currency terms, revenue increased by 1% in 2017.

Ooredoo – Algeria

Ooredoo’s customer base in Algeria increased to 14.3 million customers for 2017, up by 4% compared with the same period in 2016. Revenues for 2017 decreased to KWD 285.1 million compared to revenues of KWD 309.8 million for the same period in 2016, negatively impacted by the increase in VAT and a weak economic environment. Despite revenue decrease, EBITDA increased, due to cost efficiencies, to KWD 125.5 million in 2017, representing a 16% growth compared to KWD 108.5 million for the same period in 2016.

Wataniya - Palestine

Wataniya Mobile Palestine increased its customer base by 31% for 2017, to reach 1.0 million customers. 2017 Revenues stood at KWD 26.0 million compared to revenues of KWD 25.4 million for the same period in 2016. EBITDA for 2017 was KWD 5.7 million compared to an EBITDA of KWD 6.6 million for the same period in 2016.

Ooredoo - Maldives

Ooredoo Maldives reported a 15% increase in Revenues for 2017 to reach KWD 36.3 million, compared to KWD 31.6 million for the same period in 2016. EBITDA for 2017 was KWD 19.7 million, an increase of 15% compared to an EBITDA of KWD 17.1 million for the same period in 2016.

Ooredoo Maldives now serves a total of 440k customers, an 11% increase compared to the same period in 2016.

Promising Future

In conclusion, I would like to stress the fact that we are confident that the coming years will witness a significance revolution in the sector and will therefore result in a major impact on the services provided. We will continue to strive to offer the latest ICT related services and will carry on to invest in the network infrastructure across all levels amongst the group’s operators.

Saud bin Nasser Al Thani

GM & CEO’s Message

Dear esteemed shareholders,

I am proud to share with you the results of the hard work and dedication of Kuwait’s family. In 2017, we increased the momentum of the previous year, realizing and overcoming the challenges in Kuwait’s highly competitive market.

Ooredoo concluded a year full of successful initiatives, focusing on embracing digitalization and supporting youth in Kuwait. The highlights of Ooredoo’s achievements in 2017 include two successful device launch campaigns to signing, hosting Kuwait’s first Internet of Things (IoT) conference, and continuing to strengthen youth through the company’s award-winning volunteer program.

Without a doubt, we owe this success to the loyalty and commitment of our customer base, whose belief in what Ooredoo stands for is the main drive behind our ongoing commitment to achieving excellence. We are fortunate to have a passionate and dedicated team of employees with an array of expertise, and strongly believe in the vital role of embracing the newest and most advanced trends in technology, to enrich the experience of our customers.

Pioneering Digitalization

We have a leading position as a supporter of telecommunication technology, and we have plans to gearing up in support of the government’s plans for launching Smart City initiatives across Kuwait. Ooredoo made this announcement during Kuwait’s Internet of Things (IoT) Conference and Expo 2017, in collaboration with the Ministerial Council’s Central Agency of Information Technology and IoT Asia.

Through our B2B department, and in partnership with leading telecommunication technology providers such as Ericsson, we worked extensively to launch products and services that are aimed to support the launch of digital and cloud-computing services utilized by IoT technologies. IoT is expected to play an integral part in a variety of sectors, such as healthcare, transportation, and services sector.

We also announced our intent to launch smart home solutions by the beginning of 2018. We demonstrated several solutions at our ‘Smart Home’ exhibition which showcased a number of products including lights, camera monitoring, TV control, Nests Weather control, Door locks, Amazon’s Alexa, Magic Mirror – supported by Android, curtain control, and others. These were all controlled by one tablet, giving customers comfort and ease. These solutions will include full installations, guides, recommendations, bundles and after sales support. Ooredoo Kuwait is committed to bringing users the best and most advanced services, to fulfil its mission of enriching people’s lives through technology and embracing digitalization.

The year also saw the launch of a fully equipped state-of-the-art data center by FASTtelco, an internet service provider owned by Ooredoo Kuwait. The launch of the center comes to further reiterate our commitment to being one of the leading companies in information technology solutions, and the company of choice for prospective clients searching for ICT solutions, catering especially for the needs of corporates and businesses. The center provides a suite of managed hosting services tailor-made to fit corporate and business needs. These services are ideal for corporates and businesses looking to better manage their data, platforms and applications. The new data center provides end-to-end IT solutions to customers in various sectors including financial, healthcare, media, e-commerce, educational and governmental.

The center is fully equipped to deliver an exceptional experience in services and solutions like managed CPE, cloud services, NOC and operations, data center consultancy, and much more. This is especially important today, where businesses are faced with growing challenges to respond efficiently to new digital trends in IT, security and control.

Shamel Home

Today, our customers can already get a close experience of how IoT bundled services are designed; we launched Shamel Home, Kuwait's first all-inclusive comprehensive plan that offers customers with fixed and mobile internet in addition to online digital entertainment content from STARZPLAY, WAVO and BeIN Sports.

Redefining Support

In tandem with the company's promise to support SMEs and entrepreneurs, Ooredoo Kuwait partnered with the Association for Small and Medium Enterprises of Kuwait (ASMEK) to hold the B2B 4 SME Symposium. The event featured key speakers and open discussions about the obstacles and challenges facing small and medium enterprise owners, and the way they can overcome these obstacles,

With a wide range of services and solutions specifically catering to the needs of entrepreneurs, Ooredoo took its support to another level by partnering to launch this event, to provide an active platform for youth to express the challenges they face.

Ooredoo and FASTtelco, the Internet service provider that the company owns, also participated in launching the Kuwait Business Center earlier this year, which is a government entity established by the Ministry of Commerce and Industry that is dedicated to streamlining the process of business licensing for microenterprises in Kuwait. Ooredoo's packages and bundles provide comprehensive solutions at competitive prices, aimed at propelling entrepreneurs towards success, especially in an age where the internet and communication play a major role in all businesses.

We also launched our newly revamped Nojoom rewards program which offers its customers the best exclusive discounts. Accessible to all Ooredoo customers, the program offers members free upgrades, vouchers and discounts from a large variety of partners, ranging from service providers, retailers and hotels, and airline companies. In addition, customers use their Nojoom points to buy products from the Nojoom Online Rewards Store.

Our Role in the Community

Commiited to our responsibility towards society, we have honoured our core values, connecting and challenging and continued the good work we have started in 2016 to be Kuwait's leading private entity in supporting volunteer work. We invested in our award-winning annual volunteer program, solidifying our position as a leader and supporter of youth across Kuwait. The program continued to attract hundreds of participants, preparing them with the right set of skills and tools before matching them with volunteering opportunities.

As with our annual habit, the program's volunteers spearheaded all Ooredoo's charity work throughout the month of Ramadan, distributing thousands of iftar meals to the labourers and workers in Kuwait city who are braving the scorching heat of the summer, proving Ooredoo's commitment to one of its main pillars of social responsibility, which is to serve the underserved communities.

We also sponsored for the second consecutive year the Arab Youth Volunteer Award, an event that attracts hundreds of young people from around the Arab World to submit their youth initiatives and volunteer achievements and ideas.

Believing in helping youth follow their passions and take their dreams to the next level, we renewed our sponsorship to triathlete Abdulaziz Al-Rashed and equestrian Rakan Al-Hasawi for a new season, an initiative that encapsulates Ooredoo's main promise to enrich people's experiences and propel them towards success.

Investing Internally

Aligning with the company's core values, we held several key events around the year to connect with its staff. Events included the annual Ghabqa, a traditional Ramadan banquet where staff can meet to socialize and enjoy the Ramadan spirit, and the annual town hall meeting where executive management discuss the key achievements, challenges and goals ahead with all members of the staff to align all efforts, working towards unanimous success and efforts.

We also held other awareness campaigns for staff, including an awareness week about breast cancer and health issues, in addition to festive Happy Thursdays at the company's head office, where staff can enjoy their lunch in the outdoors area in a picnic setup.

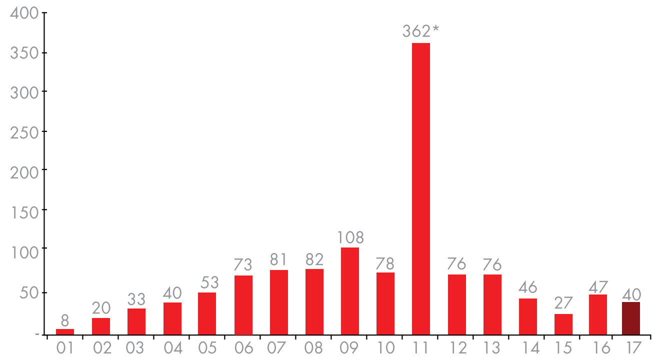
We have built a solid reputation in the Kuwaiti market as one of the leading brands, with our impactful collaborations and presence in what matters to people the most, in addition to our commitment as a provider of the best in-class services. We are certain that we can continue our success with the same vision, and can overcome any obstacles with your support and faith in our efforts.

Mohammed bin Abdullah Al Thani

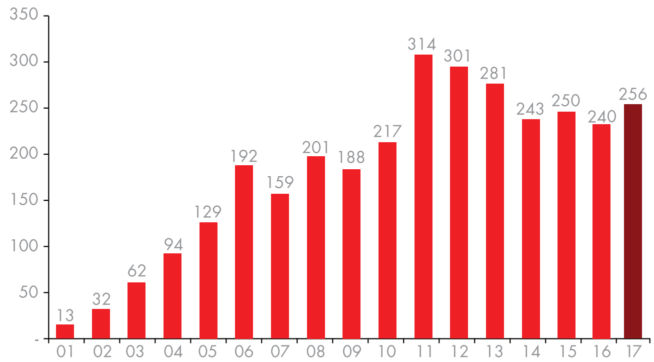
Financial Highlights

For the year ended 31 December 2017

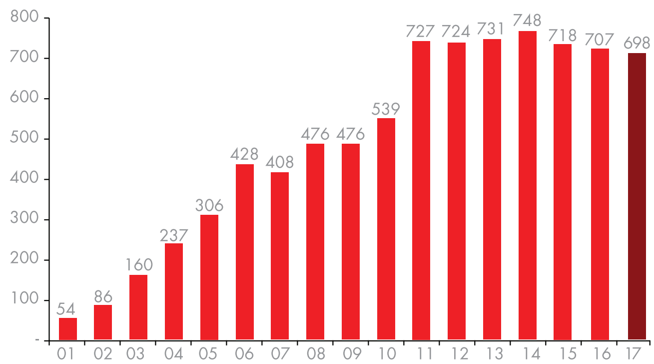
Net Profit to Ooredoo Kuwait
(KD Millions)



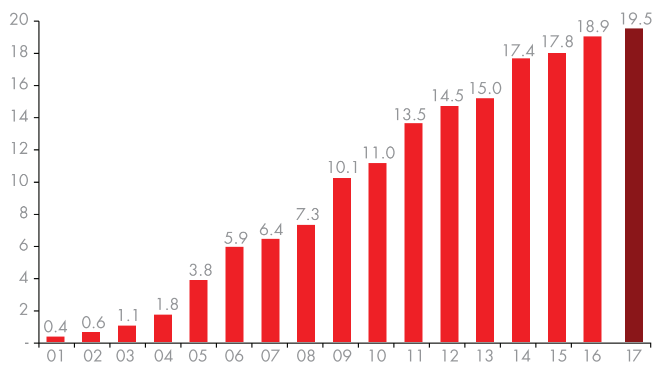
EBITDA
(KD Millions)



Revenue
(KD Millions)



Proportional Subscribers
(In Millions)



* In Q1 2011, a fair value gain (non-cash) of KD 265.3 million was recorded due to a revaluation of the existing held interest in Tunisie S.A following the increase in the shareholding from 50% to 75%.

		Year 2017 (in millions)	Year 2016 (in millions)
Ooredoo KUWAIT	Total Subscribers	2.2	2.3
	Revenue	222.7	197.8
	EBITDA	54.3	51.0
	% EBITDA	24%	26%
	Net Profit to OK	2.2	11.3
Ooredoo TUNISIA	Total Subscribers	8.4	8.0
	Revenue	127.5	142.3
	EBITDA	50.5	57.0
	% EBITDA	40%	40%
	Net Profit to OK	2.9	3.8
Ooredoo ALGERIA	Total Subscribers	14.3	13.8
	Revenue	285.1	309.8
	EBITDA	125.5	108.5
	% EBITDA	44%	35%
	Net Profit to OK	29.4	24.7
Ooredoo MALDIVES	Total Subscribers	0.4	0.4
	Revenue	36.3	31.6
	EBITDA	19.7	17.1
	% EBITDA	54%	54%
	Net Profit to OK	10.6	9.4
Wataniya PALESTINE	Total Subscribers	1.0	0.8
	Revenue	26.0	25.4
	EBITDA	5.7	6.6
	% EBITDA	22%	26%
	Net Profit to OK	(1.0)	(0.2)
Ooredoo Conslidated	Total Subscribers	26.3	25.2
	Revenue	697.6	706.8
	EBITDA	255.6	240.2
	% EBITDA	37%	34%
	Net Profit to OK	39.5	46.7

Ooredoo Kuwait Strategy

Our Vision

Enrich people's lives

Empower Kuwait's society by driving digital transformation and enrich people's everyday lives

Our Mission

One-Stop Shop Provider

Become the leading integrated communications provider in Kuwait catering to all our customers' needs

Our Values

Caring

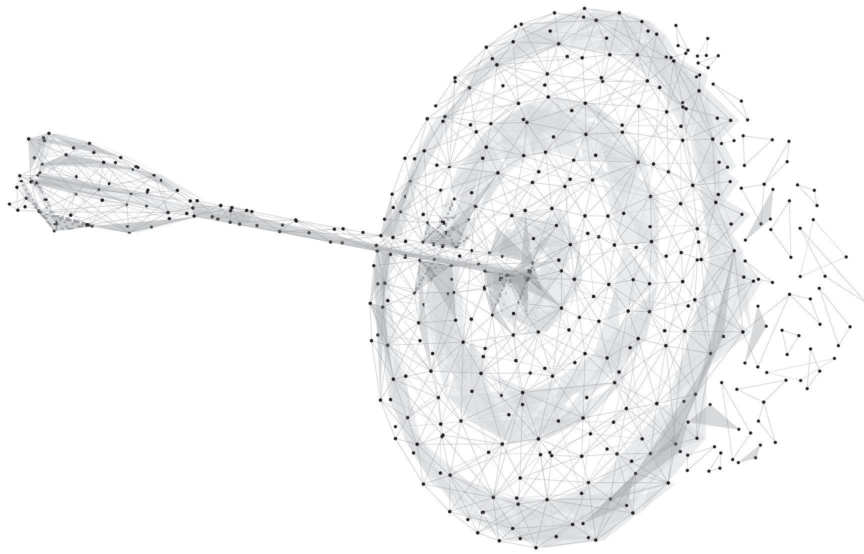
- Care about individuals and respect each other
- Support for the communities in which we live and work
- Act with compassion, integrity, honesty and high ethics in all situations

Connecting

- Build long-standing and trusting customer relationships
- Engage with customers, be collaborative and supportive

Challenging

- Strive for continuous improvement
- Set ambitious objectives and push to achieve the best results
- Always try to make a difference



Our Strategy

Our vision: Enrich people's lives. To fulfill our vision and mission, we defined our new strategy in 2016 that we will implement over the next three years.

Our strategy was defined in 2016 to realize our vision and mission of 'Enriching people's lives'. This strategy shall be implemented over the next 3 years which will act as the change agent for Ooredoo's evolution from a mobile operator to a digital experience provider.

We aim to become the partner of choice both for consumers and enterprises alike in Kuwait. We will achieve this by enriching our portfolio of offerings and by providing the best digital experience tailored to the needs of our clients.

Ooredoo Kuwait will focus on five key strategic priorities to deliver its strategy:

Pursue Smart Scale:

We will expand our breadth of offerings and differentiate on services by offering full scope of mobile and fixed services to cater to an increasing market demand and become the "data experience leader" in Kuwait. We will continue to innovate and invest in our portfolio to create unique offerings in the Kuwaiti market.

We will also differentiate by ensuring best-in-class and targeted Customer Experience for our customers.

Capitalize on the B2B Growth Potential:

Capturing the growth potential in the B2B segment will also position Ooredoo as a digital ICT provider.

We will become one-stop shop provider to cater to increasing demand for more tailored and end-to-end solutions, enabling our B2B customers to enjoy the highest quality products and services and increased service delivery.

Digitize to Differentiate

Leveraging on digital as a key pillar to transform our customers' experience and enriching our breadth of offerings while adopting a mobile-first mindset and adapting our organization accordingly.

Enable Execution through a Lean Model

Driving the execution of the top three priorities will be enabled through a lean operating model, continuous improvement of our costs' structure, building the right agility, driving further operational efficiencies and leveraging synergies across the Ooredoo group to maximize efficiency.

Performance-based culture

The combination of Ooredoo's evolving organizational culture and the enhancement of its agility will enable us to adapt to the new market dynamics and the digital age.

The new vision of Ooredoo will pave the way towards succeeding the digital transformation journey. As such, we will upskill our human capital to adapt to our new digital evolution culture.

The focus on these five priorities will ensure that the organization is aligned around creating competitive and sustainable operations while maximizing our shareholder value.

Ooredoo Group Strategy

Ooredoo Kuwait Vision, Strategy and supporting priorities and initiatives are clearly articulated and aligned with the Ooredoo Group LEAD Strategy.

- 2017 has been a fruitful year for Ooredoo Kuwait in terms of gaining market share. Focusing on execution of the strategy developed in 2016, Ooredoo was able to deliver many strategic and business initiatives to support its aspiration of becoming a leading communications provider in Kuwait.

Some of the key milestones achieved by Ooredoo Kuwait against the strategic priorities are:

- Pursue Smart Scale

- Ooredoo launched Kuwait's first comprehensive internet, mobile and entertainment plan in collaboration with online digital entertainment content and fixed broadband partners from beIN, OSN, STARZPLAY and FASTtelco.

-Ooredoo revamped its highly known loyalty programme Nojoom in June 2017 by adding more benefits to customers. Ooredoo offered enhanced customer experience by adding digital access through app. We also enhanced our partners network by tying up with other partners across Kuwait.

- To enhance customer experience and create differentiation, Ooredoo started the implementation of differentiated customer journey in 2017. We enabled more channels to survey to get customers' insights.

- Capitalize on the B2B Growth Potential

- Continuing on Ooredoo's commitment to support entrepreneurs and small & medium enterprise owners, Ooredoo launched differentiated enterprise offers. In the long run, B2B will focus on converged products, segmented offers and digitizing the customer journey.

- To realize its ambitions to grow on ICT, Ooredoo launched fully equipped state of the art data center through FASTtelco. The new data center – which is considered the first and the best of its kind in Kuwait - provides end-to-end IT solutions to customers in various sectors including financial, healthcare, media, e-commerce, educational and governmental.

- Ooredoo sponsored the Internet of Things (IoT) Conference and Expo 2017 in December. Ooredoo signed a memorandum of understanding with Ericsson to deliver the best IoT solutions in Kuwait.

- Digitize to Differentiate

- Ooredoo was the first operator in Kuwait to launch multiple mobile digital content offerings: YUPP TV, EROS, Playou.

- Ooredoo launched the best in class mobile app. Customers can now manage multi accounts, edit profile, redeem Nojoom points, manage Telco services, opt for digital services, get technical support and have advanced features like display line status and email verification engine and constantly evolving its mobile app in order to delight its customers.

- Ooredoo also revamped the website to make it look dynamic, modern, fresh and innovative.

- Enable Execution through a Lean Model

- Increased investments in network modernization resulting in enhanced network and customer experience.

- Execution of major Opex saving initiatives resulted in better operational efficiency and improved bottom-line.

- On new licenses front, Ooredoo got spectrum license for 2.6 Ghz and 2.1 Ghz.

- Performance-based culture

- Ooredoo conducted multiple events through-out the year including Town Halls, Happy Thursdays and breakfast meetings to increase employee engagement. We increased communication with employees on various occasions including social media channels that has positively improved the working environment and boosted employee confidence.

- 2017 Key Challenges

2017 witnessed continued competition and price war in the telecom sector. Regulatory (CITRA) support would hopefully help in correction in the market in 2018.

In 2017, total telecom market in terms of volume dropped. This has resulted in the penetration coming down compared to 2016. Even in this highly penetrated market, Ooredoo has grown in subscriber market share.

With Data traffic increasing multi-fold due to increased share of video and intense competition on data prices, Ooredoo had focussed towards cost optimization, leveraging on value based network planning, cost efficiency and centralized sourcing.

There was uncertainty in regulatory environment relating to licensing regime, which could have financial implications, and new Executive regulations & bylaws which could impact business rules and investment.

- Ooredoo Market Share in 2017:

Ooredoo Kuwait has grown in subscriber market share from 30.5% in Q4 '16 to 30.7% in Q4 '17. Ooredoo will evolve into a converged and digital experience provider.

- **2018 key opportunities:**

- In the highly mature Kuwait market, where acquiring new customers is a challenge, we would focus on retention and base monetization through CVM efforts

- Data traffic is exploding. Globally data traffic had grown by 57% in 2017 and is likely to grow by another 55% in 2018 (Source: CISCO systems). OTTs continue to be threat to voice revenues and increased utilization of data is creating stress on profitability. Data monetization holds promise as an opportunity to increase revenue and improve margins

- Shamel Home was an important step from Ooredoo towards providing bundled solutions. We are working towards becoming leading digital provider for communication and entertainment needs of customers. We will continue to leverage on the converged portfolio which will act as a competitive advantage

- We are embarking on the digital transformation. On a longer horizon, this would be a catalyst to improve our market position, re-envisage business systems and offer innovative products to our customers. This will be a multi-year journey to redefine the way we engage with our customers; both internally and externally

- The enterprise sector is evolving and there is increased opportunity for digital/ ICT services. Contribution from B2B is likely to increase where customers are seeking for flexible, scalable and secure solutions. There is increased focus on partnerships as revenue opportunities

- Improving the enablers for customer experience through self-service is an opportunity that we are working on. We will focus on identifying the pain points and areas of improvement in the customer journey

- Cost efficiency initiatives will continue to be central to Ooredoo's strategic priorities. Identifying and implementing cost efficiencies across various components of the value chain will support growth in the bottom-line

Kuwait

Sheikh Jaber Al-Ahmad Cultural Centre (JACC)

Ooredoo Kuwait

Overview

During 2017 Ooredoo Kuwait continued its data transformation journey and invested in network roll-out and upgrades and maintained strong brand equity while enhancing existing services and products, to offer world-class communication services to the people of Kuwait.

A large number of network enhancements were made in 2017 in line with the company's commitment to digital transformation and to support Kuwait's smart city initiative. Ooredoo Kuwait built 160 new sites and expanded the network of over 1,200 existing sites. In an effort to provide faster data speeds, Ooredoo Kuwait increased commercial LTE speeds up to 800Mbps and prepared the network for 4.5G. The company also introduced big data and advanced analytics capabilities that enabled better service.

Financially, Ooredoo Kuwait delivered good results with revenues of KWD 222.7 million, an increase of 13% compared to KWD 197.8 million for the same period in 2016. EBITDA was KWD 54.3 million, up by 6% from KWD 51.0 million for the same period in 2016.

2017 saw Ooredoo Kuwait's pre-paid revenue grow by almost 25%, reversing the declining trend of the past few years. Execution of major cost saving initiatives resulted in better operational efficiency and improved the bottom line. In line with its strategy to diversify revenue streams, the launch of the device business generated a tenfold increase in device revenues during 2017.

Growth in revenues was supported by the company's leading products and services and continued investment in these to improve the customer experience. The "My Ooredoo" smartphone application was upgraded to include new user friendly features, which resulted in more than half of Ooredoo Kuwait's smartphone users downloading the new application. Nojoom – Ooredoo Kuwait's rewards programme was revamped to include the transfer of points to friends and family, donation of points to charitable causes and redemption of points for vouchers from partner brands.

Nojoom performed very well in 2017, being a strong market differentiator for Ooredoo Kuwait.

During 2017 Ooredoo Kuwait strengthened its sales efforts with the roll-out of the trade marketing function, gaining the number one position in Kuwait in terms of exposure for company products and services among shared channels with the competition.

The company invested in three brand-building and marketing efforts in 2017 – a national day television commercial, an "Enjoy the Internet" campaign and the re-branding of FASTTelco. As a result of these marketing efforts, the company received two awards from the Arabic Media Forum for "Best Public Relations" and "Best National TV Commercial", as well as "Best Performance in a Digital Advertising Campaign" from the MENA Digital Awards for its digital efforts to promote Shamel.

To realise its ambitions to grow its ICT business, Ooredoo Kuwait launched a state-of-the-art Data Centre powered by FASTTelco. The first of its kind in Kuwait, the data centre provides end-to-end IT solutions to customers in various sectors including financial, healthcare, media, e-commerce, educational and governmental. The company also introduced Shamel Home – Kuwait's first all-inclusive post-paid bundle which offers a family centric approach to the internet. With this package, users receive fixed and mobile internet that can be shared among multiple devices as well as digital entertainment from STARZ PLAY, beIN and OSN.

In 2017, Ooredoo Kuwait was the first telecommunications provider in Kuwait to obtain the Payment Card Industry (PCI) Data Security Standards (DSS) 3.2 certification, the global standard for personal payment security and prevention of credit card fraud. This certification reinforces the company's position as a premier service provider.

Supporting local youth and the development of local communities continued to be a priority for Ooredoo Kuwait during 2017, and in line with this, the company sponsored the Arab Youth Volunteer award for the second year in a row. The event brings together people across the Arab world to present their social responsibility initiatives.

During Ramadan, Ooredoo Kuwait's award-winning volunteer programme (OVP) brought together hundreds of volunteers to distribute Iftar meals to workers and people in need. The company also continued to sponsor the Brand Ambassador; the triathlete Abdulaziz Al-Rashed and the equestrian champion Rakan Al-Hasawi. Ooredoo continued helping them taking their dreams to the next level.

2018: Bright Future Ahead

Looking ahead to 2018, Ooredoo Kuwait will maintain a steady course in its digital transformation journey, which will enable the company to improve its market position, re-envisage business systems and offer innovative products to our customers. As part of this transformation we aim to become the leading digital provider in Kuwait, catering to our customers' rapidly evolving communication and entertainment needs.

Keep in Touch

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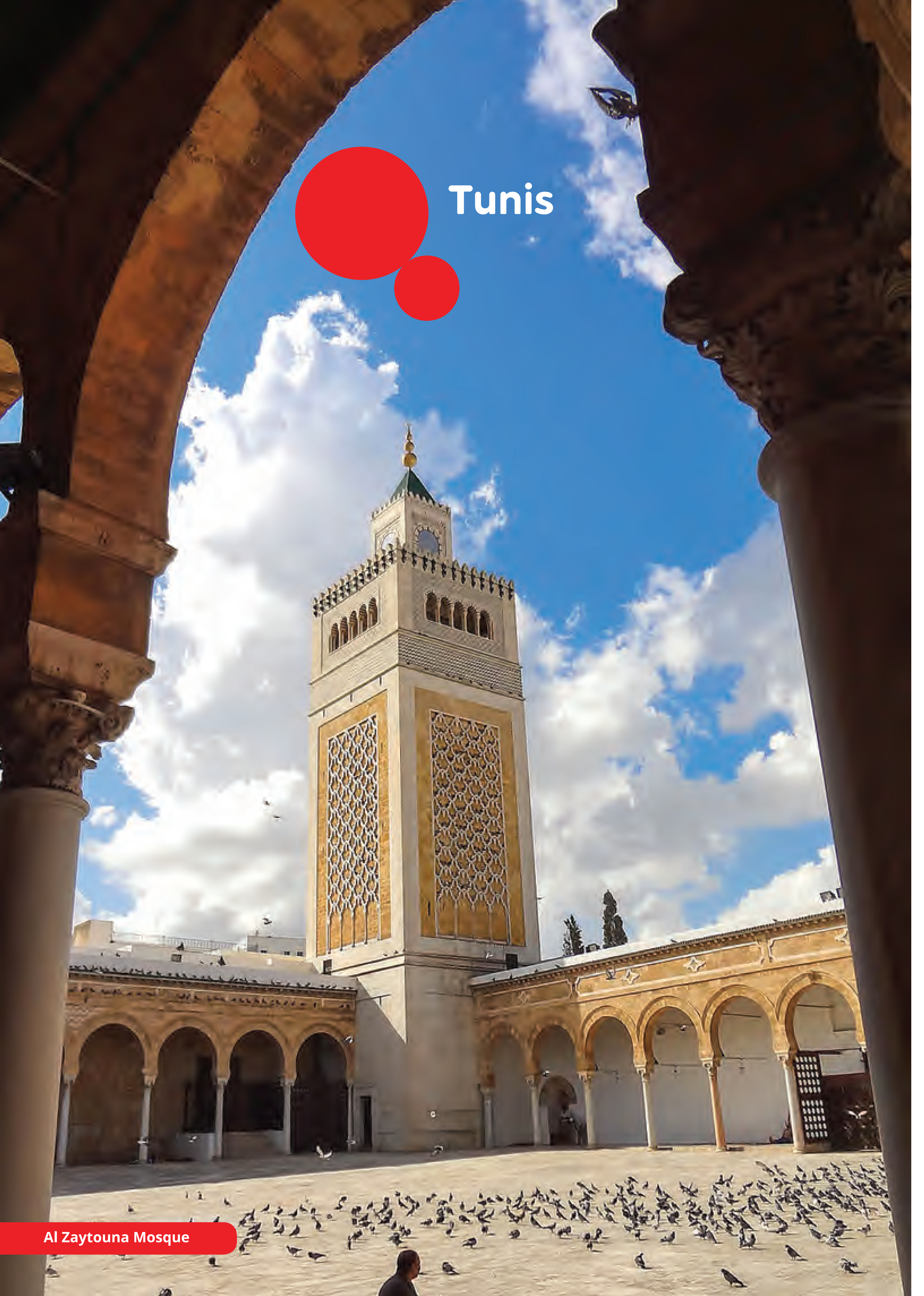
Tunis



Al Zaytouna Mosque

Ooredoo Tunis

Overview

Despite challenging economic and political conditions, Ooredoo Tunisia delivered good results in 2017 and outperformed the market. Revenue grew by 0.7%, against a slightly declining telecom market.

Within the CEO's second year in office, new revenue streams were created. Leadership in mobile data, initiated over recent years, was confirmed in 2017 as a driver of growth and is compensating for the fall in voice revenues, which is a typical trend across the telecom industry.

This achievement was supported by the expansion of 4G network coverage to accommodate exponential growth of data demand. Ooredoo Tunisia offered customers innovative products and solutions, including new 4G mi-fi packs, managed and secured B2B Wi-Fi solutions, and discounted 3G/4G boxes.

After having successfully moved into the fixed space in 2016, the alternative fixed technology (LTE-TDD) performed well and enabled Ooredoo Tunisia almost double its fixed customer base to more than 140,000 customers (including wireless customers). Fixed line also contributed significantly to revenue, with fixed revenue growing 70% year-on-year.

Good topline performance, along with the successful implementation of cost optimisation initiatives, translated into a strong financial performance with main financial indicators showing improvement.

Operationally, Ooredoo Tunisia has built on the good progress achieved in 2016 in network rollout and has upgraded more LTE sites. By the end of 2017, Ooredoo Tunisia's 4G network covered almost 75% of the population, who now have access to services of the highest quality and standards. The 3G Network covered more than 99% of the population.

In-line with the strategy to boost brand equity, a partnership agreement, signed in November, between the company and the Tunisian Football Federation, made Ooredoo Tunisia the official sponsor of the national football team for four years. This partnership was crowned a few days later when the team qualified for the 2018 World Cup in Russia in its first match under Ooredoo sponsorship. The partnership embodies Ooredoo's desire to reflect success of the national football team and its determination to position sport as one of the pillars of Ooredoo›s brand strategy.

Outlook

In 2018, Ooredoo Tunisia will aim to maintain its leadership position through a strong focus on further enhancing customer experience.

Most importantly, Ooredoo Tunisia aims to confirm its position as the Number 1 telecom player in Tunisia by continuing to provide high quality services and innovative products in the mobile and fixed space.

Keep in Touch

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Algeria

Martyrs Memorial

Ooredoo Algeria

Overview

Ooredoo Algeria continued deploying its 4G infrastructure during 2017, reaching 25 percent population coverage by year-end. More than 10 million people are now covered and 15 percent of data traffic is 4G. Just over a third of all Algerian mobile phone customers are with Ooredoo Algeria.

Ooredoo Algeria delivered a solid performance during 2017, further improving revenue market share. EBITDA margin was up by 8% to reach 43% in a highly competitive market.

The investment in the 3G and 4G infrastructure, combined with a revamped portfolio called Haya!, contributed to achieving revenue leadership in the Algerian mobile market. One of the major features of the new Haya! universe has been the introduction of Facebook Flex services, through a strategic partnership with Facebook.

Through reinforcement of market revenue leadership within the high-end value segment, we have been able to maintain a price premium compared to competition, despite the challenging macro-economic context.

New telecom taxes and the asymmetry of termination costs between the incumbent operator and other competitors are major challenges. In response, Ooredoo Algeria is working to generate additional revenue from the demand for broadband and by speeding up adoption of 4G mobile services.

A capital investment and cost optimisation programme led to significantly improved EBITDA and margin compared to 2016. Investment savings were mostly on network and IT-related costs, while the cost efficiency programme delivered significant results in network maintenance, advertising and promotions, and outgoings on services such as consulting. Further EBITDA gains flowed from improved procurement processes and more efficient use of marketing expenditure. Introduction of a digitised electronic platform for the tendering process has greatly improved transparency with suppliers.

More than 50 communication campaigns were launched throughout the year, the most prominent being the brand signature 'Enjoy the Internet'. Online advertising with YouTube increased reach to more than 168 million clicks.

Sponsorship initiatives included five first league football teams and three national sporting federations: fencing, cycling, and handball.

Throughout 2017, Ooredoo Algeria remained committed to investing in the development of local communities and underprivileged population segments. Corporate social responsibility activity focused on the Algerian Association for Literacy (IQRAA), the Algerian Red Crescent, visiting children in hospital during Eid Al Fitr, the Injaz El Djazair competition for young entrepreneurs, the Algerian Federation of Disabled Persons, and enabling children to experience the fun of the Citta Di Roma circus.

Several projects were initiated to address illiteracy in Algeria, including financial aid to build and provide educational equipment for a literacy school, and celebrating National Knowledge Day and International Literacy Day in partnership with IQRAA.

In similar humanitarian mode, Ooredoo Algeria opened its internal restaurants during the Holy Month of Ramadan. The company served meals for people and workers in nearby yards and who were far from their families, offering close to 300 meals every day.

Investment in people remained strong and, for the fifth consecutive year, several employees completed their executive MBA programme. Introduction of Participation Committees is improving the involvement of employees in company decisions.

Outlook

The demand for broadband services is a major opportunity, being addressed by a portfolio of mobile data services and a fixed- soon as regulatory approval is granted. Additional significant opportunities include the growing ICT needs of the enterprise market and digital consumer services.

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Maldives

Masjid Al-Sultan Muhammad Thakurufaanu Al-Auzam

Ooredoo Maldives

Overview

A highlight for the year was the completion of the listing of shares of Ooredoo Maldives on the local stock exchange. On the August 9, 2017, a total of approximately 14 million shares were sold to more than 8,000 applicants, making the Ooredoo Maldives IPO the most successful listing in the country. Ooredoo Maldives contributed to the education of investors in the market and attracted new investors to the Maldives Stock Exchange, with more than half of those who purchased Ooredoo's IPO stock being first-timer investors.

Operationally, five strategic projects were initiated in 2017 to drive revenue growth, increase the customer base, enhance customer satisfaction, and improve quality of services. These focus on data business, gaining market share in the enterprise market, increasing postpaid customers, improving quality of service, and digitalising and customer-centricity.

Significant partnerships in digital further helped customers and popularised the company's mobile wallet-M-Faisaa, while 4G coverage was extended across the nation and FBB was launched to three new islands.

Completion of the NaSCOM project (Nationwide Submarine Cable Ooredoo Maldives) connected six landing stations across Maldives with 1,200km of fibre. These connections were a key milestone for the year which the company publicly celebrated via the Nationwide 4G campaign aimed to create awareness and highlight Ooredoo's achievement in completing the only country-wide 4G+ network. The campaign was well received and played a key role in customers upgrading to 4G SIMS.

During 2017, Ooredoo Maldives also completed and launched the smart office and home project, as well as several more, such as fibre-to-home, new resort site deployments, and capacity and transmission upgrades.

Among several awards received during the year – for achievements ranging from innovation to products and enterprise – the Ranlaari Award is one of the most distinctive. It is presented annually by the Maldives Inland Revenue Authority (MIRA) to recognise the most compliant taxpayers and those that contribute most to MIRA's revenue.

HR initiatives focused on leadership development programmes, enhancement of technical skills, and digitisation processes.

Prominent among branding and sponsorship activities was the Colour Run, one of the biggest running events of the year, which attracted a record number of entrants in 2017. Partnering with the Football Association of Maldives for the 2017 season of the Ooredoo Dhivehi Premier League positioned the company as a community-focused brand that shares a common passion for football with the Maldivian people, while seeking to take football in the Maldives to the next level and provide development opportunities for local footballers.

Ooredoo Maldives was a partner for Maldives Financial Expo 2017, which featured themes such as housing options, assisted payment methods, and financing schemes. The company was also the telecom partner for Vacations Expo 2017, the first brand represented in the Maldives at a travel and tourism show.

A wide range of social conscience activities included projects focusing on smart cities and communities, gender equality, innovation and infrastructure, health and well-being, and quality education.

Outlook

In the coming year, Ooredoo Maldives will focus on growing its postpaid services and the B2B segment. In addition, it will continue to focus on data dominance, creating the best video-ready network for small and large screens.

Ooredoo Maldives also plans on accelerating enterprise business by developing a complete portfolio of enterprise services, while digital technology will be applied to extend financial services to the 'unbanked' or 'underbanked' community, in-line with its corporate commitment to contribute to the growth of the Maldives and its people.

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Palestine

Qubbat al-Sakhrah - Al-Masjed Al-Aqsa

Wataniya Palestine

Overview

In a very important step for the Palestinian economy, Wataniya Mobile began operations in the Gaza Strip during October 2017 after several years of delay due to regulatory issues.

The Gaza Strip represents about 40 percent of the total Palestinian market and is key to Wataniya Mobile's future, bringing increased revenues and enhanced margins as the company reaches higher economies of scale.

The company also completed 3G technical and commercial preparations, and launched services in January 2018. This new business line is expected to enhance Wataniya Mobile's revenues and increase market share compared to competitor mobile operators.

On the financial front, 2017 was another strong year. Revenue was higher by 2% over 2016, mainly due to a strong contribution from the postpaid segment and the Gaza launch. EBITDA was stable, despite the significant costs associated with the Gaza launch and 3G preparations, and the customer base grew significantly and topped one million.

Among key customer-focused initiatives, Wataniya Mobile worked on developing and improving the customer experience, such as the launch of VOCE (Voice of Customer Experience), a tool to collect customer feedback through surveys. Customer loyalty and retention were enhanced through the introduction of the Nojoom loyalty programme, an accretive point base system for both prepaid and postpaid customers.

During 2017, all sales processes were reviewed and the company initiated a complete revamp of its sales distribution system to include more digitised features and increase efficiency. With customer service excellence at its heart, Wataniya Mobile also increased the variety of services offered through its call center, effectively reducing the time required to complete customer requests. SME corporate businesses were also better served with the introduction of the telephony account managers' unit.

Substantial investment in developing and retaining talent during 2017 concentrated on leadership development, product knowledge, and capacity building (almost 18,500 training hours conducted). A significant achievement for the year was the launch of the "Young Leaders Program," aimed at training and supporting talented young employees to develop leadership skills and accelerated their careers with the company. In recognition of its leading employee training and engagement programme, Wataniya Mobile won the bronze award for 'Excellence in Employee Engagement' at the MENA Human Capital Forum.

During 2017, supported by the Ooredoo Group, Wataniya Mobile remained committed to supporting local communities. A highlight of corporate social responsibility activity was an agreement with Hebron Rehabilitation Committee to revive the old city by renovating buildings while preserving the cultural heritage and improving living conditions for the population. Furthermore, our agreement, with Al Aqsa School in Jerusalem, enabled better education for deprived children.

Environmental initiatives included regular testing for power radiation, securing environmental-compliance approval for all Gaza sites, and observing approved procedures for the disposal of oil and filter wastes.

For a third year in a row, Wataniya Mobile renewed its sponsorship of the Palestine Football League. Ooredoo Group and Wataniya Mobile also signed a sponsorship with the Palestine Football Academy in Jerusalem.

Outlook

Wataniya Mobile is transforming and major successful milestones are being achieved, including the launch of Gaza and 3G services. The key opportunity in 2018 will be the ability to become 3G market leader in Palestine. Rebranding to Ooredoo will also add to Wataniya Mobile's brand equity.

Wataniya Mobile will be working with the ministry and stakeholders on number portability, including the final regulations and the timeline for implementation. This project will provide opportunities to increase revenues and market share.

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Corporate Social Responsibility

Youth's Role in the Sustainable Development

Ooredoo is committed to investing in mobile technology, people and resources that enable people and communities to achieve their full potential. In particular, Ooredoo believes strongly in the benefit of economically empowering youth, as they considered the most important player in the social scene.

At both a group level and across its operations, Ooredoo works with a range of partners to support community and charity initiatives, with a particular focus on using mobile technology to achieve social goals.

Ooredoo Kuwait

Ooredoo Kuwait continued its efforts in 2017 to further enhance its corporate social responsibility in the Kuwaiti community; with emphasis on youth.

Ooredoo further invested in its award-winning annual volunteer program, solidifying its position as a leader and supporter of youth across Kuwait. The company's program continued to attract hundreds of participants, preparing them with the right set of skills and tools before matching them with volunteering opportunities.

As with its annual habit, the program's volunteers spearheaded all Ooredoo's charity work throughout the month of Ramadan, distributing thousands of iftar meals to the laborers and workers in Kuwait city who are braving the scorching heat of the summer, proving Ooredoo's commitment to one of its main pillars of social responsibility, which is to serve the underserved communities.

Ooredoo also sponsored for the second consecutive year the Arab Youth Volunteer Award, an event that attracts hundreds of young people from around the Arab World to submit their youth initiatives and volunteer achievements and ideas. This year's award ceremony was attended by Her Excellency Sheikha Hessa bint Khalifa Al Thani, the Special Envoy of the Arab League Secretary General for Humanitarian Affairs and other dignitaries from around the Arab World.

Ooredoo also continued its support to youth through its partnership with The Proteges Youth Development Program for the second consecutive year, and a series of youth development workshops and internship opportunities in collaboration with the Kuwait International Law School.

Believing in helping youth follow their passions and take their dreams to the next level, Ooredoo renewed its sponsorship to triathlete Abdulaziz Al-Rashed and equestrian champion Rakan Al-Hasawi for a new season, an initiative that encapsulates Ooredoo's main promise to enrich people's experiences and propel them towards success.

Aligning with the company's core values, Ooredoo held several key events around the year to connect with its staff. Events included the annual Ghabqa, a traditional Ramadan banquet where staff can meet to socialize and enjoy the Ramadan spirit, and the annual town hall meeting where executive management discuss the key achievements, challenges and goals ahead with all members of the staff to align all efforts, working towards unanimous suc cess and efforts.

Ooredoo Kuwait also held other awareness campaigns for staff, including an awareness week about breast cancer and health issues, in addition to festive Happy Thursdays at the company's head office, where staff can enjoy their lunch in the outdoors area in a picnic setup.

Ooredoo Tunis

In-line with the strategy to boost brand equity, a partnership agreement, signed in November between the company and the Tunisian Football Federation, made Ooredoo Tunisia the official sponsor of the national football team for four years. This partnership was crowned a few days later when the team qualified for the 2018 World Cup in Russia in its first match under Ooredoo sponsorship. The partnership embodies Ooredoo›s desire to reflect success of the national football team and its determination to position sport as one of the pillars of Ooredoo›s brand strategy.

Ooredoo Maldives

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Corporate Governance

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

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Corporate Governance Report 2017

1 - The role of the Board of Directors:

The Board of Directors handles the strategic direction of the Company and the supervision task of reviewing and adopting different policies either directly or through its Committees to ensure compliance with specific standards to minimize the chance of risks to the Company. The Board of Directors has the complete power and authority to manage Ooredoo and to proceed with working towards achieving the main objective of maintaining the Shareholders' rights which will subsequently lead to achieving the Company's other objectives. .

The Board of Directors ensures that the necessary procedures are taken in order to prepare the requirements of the Corporate Governance Rules. All the requirements have been achieved by aligning the necessary rules to realize the Corporate Governance objectives such as: enhancing the transparency, fair treatment and strengthening supervision and auditing procedures and the reduction of cases of conflict of interests, along with the improvement of professional conduct and other rules which contribute to the advancement of the Company to achieve its targets.

We are working on developing the Corporate Governance in accordance with the Capital Market Authority law No. (7) Year 2010 and its Excutive By laws.

In this regard, the Board of Directors carries out duties and responsibilities including:

Vision and Strategy: To define the Company's strategy, goals and plans that are the basis of all the Board's resolutions.

Supervising the Management: The board appoints the Chief Executive Officer and Senior Management and defines their duties, responsibilities and the benefits that they are eligible for, In addition to electing the chairman and forming the committees: (Executive Committee, Audit and Risk Management Committee, Nominations and Remunerations Committee and Corporate Gvernance Committee).

Financial issues and Investment: to review and approve the financial reports and accounts and to monitor the Company financial position.

Communicate with the stakeholders: supervising the state holder reports and to disclose the information according to the applicable laws and regulations.

2 - Formation of the Board of Directors:

The Board of Directors consists of seven elected members as per Article No. 16 of the Company's Article of Association, amended on the 28th of November 2012. Elections are conducted via a secret voting ballot by the General Assembly of the Shareholders whereby the Chairman and Vice Chairman are elected accordingly as per Article 212 of the Company's Law.

The Company adheres to the Separation of Duties principle with Sheikh Saud Bin Nasser Al-Thani as Chairman and Sheikh Mohammed Bin Abdullah Al Thani as Chief Executive Officer (CEO).

Name	Title	Role	Educational Background	Election/ Appointment date
Saud bin Nasser Al Thani	Chairman of the Board of Directors	Non-Executive	Bachelor Degree in Business Administration	March 24 2016
Abdul Aziz Ibrahim Fakhroo	Vice Chairman	Non-Executive	Bachelor Degree in Engineering	March 24 2016
Fahad Othman Al-Saeed	Board Member	Independent	Master Degree in Military Sciences	March 24 2016
Youssef Mohammed Al-Sumait	Board Member	Independent	Master Degree in Geography	March 24 2016
Bader Nasser Al-Humaidi	Board Member	Non- Executive	Diploma in Business Administration Bachelor Degree in Science	March 24 2016
Ahmed Ali Al-Mohannadi	Board Member	Non- Executive	Bachelor Degree in Engineering	March 24 2016
Nasser bin Hamad Al Thani	Board Member	Non- Executive	Master Degree in Business Administration	March 24 2016
Fatena Abdel Al-Ahmad	Board Secretary	-	PhD. Law	March 24 2016

3 - Board of Directors meetings:

The Board of Directors held six meetings throughout the fiscal year 2017, which documented the attendance of all the Board of members except for two of the members who had apologized for not being able to attend some of the meetings.

Throughout 2017, the Board of Directors thoroughly reviewed the development of the company and approved the quarterly financial results. The board had also amended the Procurement Policy and the Financial Authority manuel and the structure of the Risk Management Department which is to be reporting to the Board of Directors. Further, the Board was in charge of hiring external auditors, endorsing the Business and Financing plan, in addition to approving a number of network modernization contracts. Also, the Board worked on the conversion of Ooredoo Maldives to become a publicly listed company with 40% of its shares offered in the Initial Public Offering (IPO).

4 - Roles and responsibilities of the Chairman of the Board of Directors:

The main role of the Chairman of the Board of Directors is to lead the Board by ensuring it is working in a proper and effective way. Other roles include:

- Represent the company to other stakeholders by communicating with them and reporting their feedback to the Board
- Chairs and runs the Board, related Committees and the AGM meetings to ensure that all discussions are open and professionally managed to allow participants to express their opinions freely.
- Coordinate with the CEO, the Committees Chairman and the Board Secretary to set the Schedule of the Board and Committees meetings and the other important meetings.
- Coordinate with the CEO to ensure that the Management will provide the required information to the Board of Directors.
- Review the suitable timing of receiving the supportive documents of the Management suggestions and to ensure the information availability to the Board.
- Guide and improve the effectiveness of the Board and its members and distribute tasks among them.
- Review the suitable time-frame for receiving the supportive documents of the Management's suggestions as well as ensuring the information is available to the Board.
- Ensure that the Company has friendly and productive relationship with the official and non-official Authorities, and with the different media channels.
- Invite the Board of Directors to meet and create the agenda of the meeting with consideration to the Board members' suggestions. In all cases, the Chairman can delegate some of his authorities to any Member of the Board.

5 - Board Members obligations:

Each Board Member is committed to the loyalty, care and conducts as per the related laws and regulations, along with the following tasks:

A- Define the authorities, competencies, and duties and responsibilities of the CEO as well as the CEO's performance evaluation and reward.

B- Monitor the performance of the Senior Executive Management, review their plans and decide for their remunerations.

C- Check the organizational and administrative structure's suitability with emphasis on the internal audit system.

D- Offer recommendations to the General Assembly of Shareholders during the annual meeting on appointing; reappointing or dismissing the External Auditors as per the recommendations of the Audit Committee.

6 - The Board Secretariat:

As per the decision of the Board, Dr. Fatena Abdelal Ahmed has been appointed as the Board Secretary. Dr. Abdelal has a PhD in Internal Law from Ain-Shams University, Class of 2000. Prior to being appointed to this position, she has worked in the Company as the Head of the Legal Department from 2003 until 2010.

The main role of the Board Secretary is to develop a calendar of meetings at the beginning of the year and to be in charge of the preparation of all the meetings in coordination with the Executive Management. This calendar should be presented to the Chairman of the Board of Directors for approval. The Board Secretary sould also send out the invitation, agenda and meetings' documents and share them respectively with Board Members to review and approve. All meetings' minutes should be approved by th Chairman and the Board Members. All minutes of meetings should be saved physically and digitally.

7 - The Board Committees:

The Board of Directors has four main committees. The committees are working towards increasing the effectiveness of the decision-making process. These committees are: the Executive Committee; the Audit and Risk Management Committee; the Remunerations and Nominations Committee and the Corporate Governance Committee.

Each Committee has its own charter and is approved by the Board of Directors. The charter clarifies the responsibilities, duties and authorities of the each committee. Each charter complies with the rules of the Corporate Governance manual, Company's Article of Association and corporate Law.

A- Executive Committee:

Formed in April 2007, the Executive Committee takes all the operational decisions that are aligned with its specialization, offers recommendations to the Board of Directors regarding the operational and strategic issues which exceed its authorities. The Committee monitors the implementation of the Company's strategies and investments by the Management. The Committee convened five times in 2017 whereby it authorized many projects related to operational contracts.

The Committee members:

- Sh. Saud bin Nasser Al Thani - Chairman
- Mr. Bader Nasser Al-Humaidi - Member
- Sh. Nasser bin Hamad Al Thani - Member

B- Audit and Risk Management Committee:

Formed in April 2007, the Audit and Risk Management Committee reviews the internal and external audit processes and prepares reports about Audit and Risk Mangement related issues. The committee helps the Board in handling its supervision responsibilities and issues recommendations on the financial policies and appointment of auditors and to monitor the performance of the Internal Audit Departement.

The committee convened six times in 2017 whereby it revised both the internal Aaudit and Risk Management Reports, and issued recommendations to hire external and independent auditors as per the internal policies and proceedures of the company. The committee also approved the reports of the external audit before sharing it with the Board of Directors. Further, the committee updated the Procurement policy and the Financial Authority manuel.

The Committee members:

- Mr. Aziz Al Othman Fakhroo - Chairman
- Mr. Fahad Othman Al-Saeed - Member
- Mr. Youssef Mohammad Al-Sumait – Member

C- Nominations and Remunerations Committee:

Formed in September 2014, the Committee appoints and evaluates the Exective management performance and puts the Human Resoureces Policies, and helps the Board to do his tasks and responsibilities regarding nominating and appointing the Board Members and deciding their remunerations and the Executive Management bonuses.

The committee convened three Times in 2017, where it set the key performance indicators for the management and approving the staff's annual bonuses.

The Committee members:

- Sh. Saud bin Nasser Al Thani - Chairman
- Mr. Fahad Othman Al-Saeed – Member
- Mr. Ahmed Ali Al Mohannadi – Member

D- Corporate Governance Committee:

Formed in February 2014, the Corporate Governance Committee monitors the Company's adherence to the Corporate Governance rules, sets the policies and regulations for management to follow that are in-line with the laws and regulations. The committee also supports the Board in carrying out the responsibilities related to issuing policies. Subsequently, the committee monitors the Company's performance in regards to the policies.

The committee convened three times in 2017.

The Committee members:

- Mr. Bader Al-Humaidi - Chairman
- Mr. Youssef Mohammad Al-Sumait – Member
- Mr. AbdulAziz Ibrahim Fakhroo – Member

8 - The Capital Structure:

The authorized, approved and totally paid capital as of the 31st of December 2017 is 504,033 Thousands share in the value of 100 Fils per share which had been paid cash.

9 - Internal Audit Department:

The Internal Audit Department monitors the performance of the Executive Management, reviews quarterly financial reports and provides consultancy services to the Executive Management in order to ensure that the responsibilities are conducted in alignment with the standards under the supervision of the Audit and Risk Management Committee. To guarantee transparency and credibility, the Internal Audit Department follows the process of investigation regarding any violations that may have been committed by the Management staff. All investigations' results are then submitted to the Executive Management to take the appropriate action. Moreover, the Internal Audit staff enjoy autonomy and qualifications which allow them to carry out the tasks assigned to them.

10 - Risk Management:

The Risk Management Department is responsible for implementing the risk strategy and preparing periodical reports on the nature of the risks to which the Company is exposed and submitting these reports to the Audit and Risk Management Committee for approval and preparation for submission to the Board of Directors. The Risk Management Officers enjoy autonomy and qualifications which allow them to carry out the tasks assigned to them.

11 - The Shareholders rights:

Ooredoo keeps a Shareholders registry. Shareholders are entitled to the view this registry and request all the related information.

The Company keeps an open and transparent communication channel with its Shareholders and regularly releases information through the website and other media channels.

12 - Availability of information:

The Company grants its Shareholders the right to see all the related and necessary information while also releasing the information through its website. Shareholders have the right to request all the information about the Board Members and their qualifications, shares, membership or chairmanship in other companies. The shareholders can request the same information about the Executive Management.

13 - Disclosure requirements:

The Company is committed to full disclosure and issues all the financial and audit reports accurately and transparently, including the financial statements and the special releases. The Management ensures that all provided statements are accurate, true and non-misleading and that all the annual financial reports are in accordance to the international applicable standards. Moreover, the Investor Relation Unit adheres to organizing the disclosure procedures and follows up on the disclosures of the Board of Directors to prepare a record for it.

14 - Stakeholders

The Company recognizes the stakeholders' rights and seeks to maintain and protect these rights and ensures that its policies sustain good relations with all stakeholders and guarantees that they are treated in accordance with rules and regulations. The company also respects their confidentiality.

15 - Fair treatment and Voting rights:

Every Shareholder has the right to attend the General Meetings of the Shareholders, to vote for all the decisions and to document his reservations or objections regarding any decision, in accordance with the Companies Law no. (1) 2016 .

16 - The policy of cash dividends:

The cash dividends policy is decided upon the earned profits and as per the Board's recommendation after the approval of the Annual General Meeting of Shareholders.

17 - Company Employees:

The Company has a number of Employees coming from different experiences and qualifications therefore their tasks, responsibilities and rights are defined in the Human Resources Policy which was approved by the Board of Directors and is based on the Private Sector Labor Law.

18 - Professional attitude and ethical values:

The employees of the company are committed to the Code of Conduct, which defines the standards of the Behavior and values adopted by the Management in practicing their administrative and operational functions, which ensures that the company achieves its goals in a moral and professional framework that conforms to the work environment in Kuwait and reflects the culture of society.

19 - Social responsibility:

The company is committed to aligning its values and business strategy with social and economic needs. Responsible and ethical business practices are included in the implementation of each activity, and a high level of transparency in developing the annual plan for social responsibility activities. The company also focused on supporting youth projects, which this year acquired the largest share of the company's social responsibility strategy. For example, the renewal of the agreement with the Ministry of Youth Affairs to support youth in different fields.

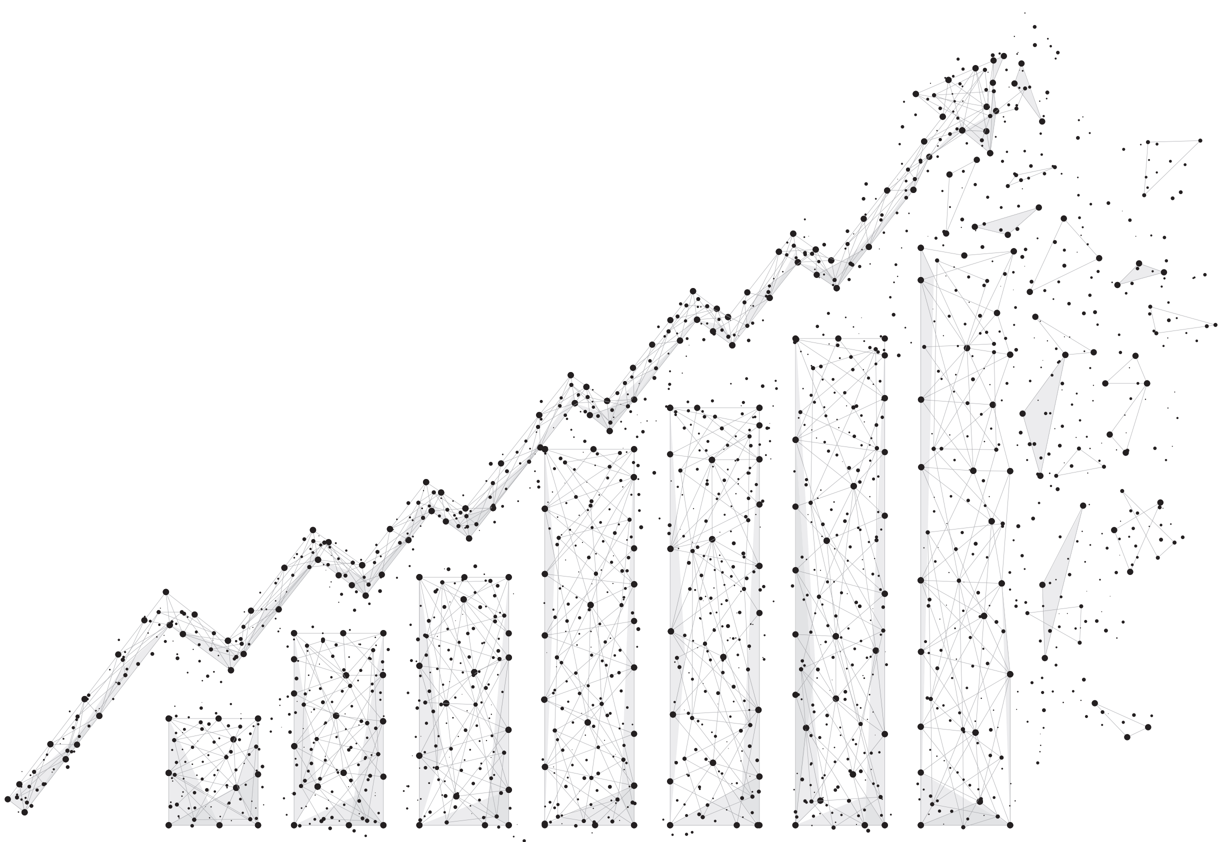
20 - Enhancing and improving performance:

The Board of Directors is keen to enhance and improve its performance and develop its leadership skills by encouraging board members to develop their corporate governance information.

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

ooredoo

Consolidated Financial Statements and Independent Auditor’s Report
for the year ended 31 December 2017



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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of National Mobile Telecommunications Company K.S.C.P. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

a) Revenue

There is an inherent risk around the accuracy of revenue recorded due to the complexity of Information Technology ("IT") environment in which billing, rating and other relevant support systems reside; and changes to tariff plans and multiple element contracts with customers, which impact timing and recognition of revenue. Due to this complexity, we have identified the revenue recognition as a key audit matter.

The accounting policies for revenue recognition for the different revenue streams are set out in note 2 (p) to the consolidated financial statements.

Our audit procedures include assessment of the design and operating effectiveness of internal controls over the IT environment in which rating, billing and other relevant support system reside, change control procedures in place around those systems that bill and record material revenue streams. Our audit procedures also included the reconciliation of the revenue generated from online charging system and billing system to the general ledger and the test of details of revenue recorded.

b) Impairment of goodwill and intangible assets

As at 31 December 2017, the goodwill and intangible assets are carried at KD 389,381 thousand. The impairment test of goodwill and intangible assets performed by the management are significant to our audit as the assessment of the recoverable amount of goodwill and intangible assets under the value-in-use basis is complex and requires considerable judgment on the part of management. Estimates of future cash flows are based on management's views of variables such as the growth in the telecom sector, economic conditions such as the economic growth and expected inflation rates and yield. Therefore, we identified the impairment testing of goodwill and intangible assets as a key audit matter.

We tested the key assumptions forming the Group's value-in-use calculation including the cash flow projections and discount rate. We have also involved our valuation specialists in these audit procedures. We have assessed the historical accuracy of management's estimates, evaluation and testing the assumptions, methodologies, the discount rate and data used by the Group, for example, by comparing them to external data. We assessed the discount rate, terminal growth rate and the appropriateness of the valuation model used. Additionally, we have analysed the sensitivities such as the impact on the headroom if the growth rate would be decreased or the discount rate would be increased. We also assessed the adequacy of the Group's disclosures included in note 5 of the consolidated financial statements about those assumptions to which the outcome of the impairment test is more sensitive. The Group's policy on assessing impairment of these items is given in note 2(j) of the consolidated financial statements.

Other information included in the Group's 2017 Annual Report

Management is responsible for the other information. Other information comprises the information included in the Group's 2017 Annual Report, other than the consolidated financial statements and our auditors' report thereon.

Prior to the date of this auditor's report, we obtained the Board of Directors' report which forms part of the annual report and the remaining sections of the annual report are expected to be made available to us after that date.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

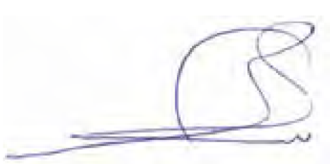
We communicate to Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of accounts have been kept by the Company and the consolidated financial statements, together with the contents of the report of the Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations and by the Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2017 that might have had a material effect on the business of the Company or on its consolidated financial position.



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Deloitte & Touche
Al-Wazzan & Co.

Kuwait
5 Feb 2018

Consolidated Statement of financial position - As at 31 December 2017

	Note	2017 KD 000's	2016 KD 000's
ASSETS			
Non-current assets			
Property and equipment	4	**563,555**	636,145
Intangible assets and goodwill	5	**389,381**	437,625
Available for sale financial assets	6	**6,695**	6,250
Deferred tax asset	7	**22,225**	19,607
Other non-current assets		**2,067**	1,301
		983,923	1,100,928
Current assets			
Inventories		**26,120**	18,257
Trade and other receivables	8	**181,375**	139,657
Bank balances and cash	9	**128,862**	130,557
		336,357	288,471
Total assets		**1,320,280**	1,389,399
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**50,403**	50,403
Treasury shares	10	**(3,598)**	(3,598)
Foreign currency translation reserve		**(252,364)**	(218,122)
Other reserves	10	**239,573**	234,674
Retained earnings		**578,400**	579,566
Equity attributable to shareholders of the Company		**612,414**	642,923
Non-controlling interests		**113,917**	115,236
Total equity		**726,331**	758,159
LIABILITIES			
Non-current liabilities			
Long term debts	11	**60,191**	120,545
Provision for staff indemnity		**9,527**	8,536
Other non-current liabilities		**19,699**	19,015
		89,417	148,096
Current liabilities			
Trade and other payables	12	**348,622**	367,018
Deferred income		**57,302**	43,904
Income tax payable		**22,746**	10,019
Long term debts	11	**75,862**	62,203
		504,532	483,144
Total liabilities		**593,949**	631,240
Total equity and liabilities		**1,320,280**	1,389,399

Saud Bin Nasser Al Thani
Chairman

ooredoo
Chairman Office مكتب الرئيس

The accompanying notes from an integral part of these consolidated financial statements

Consolidated Statement of Profit or loss - fot the year 31 December 2017

	Note	2017 KD 000's	2016 KD 000's
Revenue		**697,632**	706,841
Operating expenses		**(290,454)**	(301,587)
Selling, general and administrative expenses		**(169,447)**	(184,131)
Finance costs – net	13	**(8,501)**	(10,322)
Depreciation and amortisation	4 & 5	**(145,096)**	(144,663)
Other (expenses)/income – net		**(5,009)**	6,047
Impairment loss on investments	6	**(256)**	(134)
Profit before provision for Directors' remuneration, provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and taxation		**78,869**	72,051
Provision for Directors' remuneration		**(600)**	(600)
Provision for contribution to KFAS, NLST and Zakat	15	**(1,854)**	(2,436)
Profit before taxation		**76,415**	69,015
Taxation related to subsidiaries	7	**(24,853)**	1,632
Profit for the year		**51,562**	70,647
Attributable to:			
Shareholders of the Company		**39,536**	46,668
Non-controlling interests		**12,026**	23,979
		51,562	70,647
Basic and diluted earnings per share (fils)	16	**79**	93

The accompanying notes from an integral part of these consolidated financial statements

Consolidated Statement of comprehensive income - for the year ended 31 December 2017

	2017	2016
	KD 000's	KD 000's
Profit for the year	**51,562**	70,647
Other comprehensive income		
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss		
Change in fair value of available for sale financial assets	**444**	(172)
(Impairment loss on investments (note 6	**256**	134
Exchange difference transferred to consolidated statement of profit or loss	**-**	(2)
Exchange differences arising on translation of foreign operations and fair value reserve	**(41,250)**	(44,329)
Total items that are or may be reclassified subsequently to the consolidated statement of profit or loss	**(40,550)**	(44,369)
Other comprehensive loss for the year	**(40,550)**	(44,369)
Total comprehensive income for the year	**11,012**	26,278
Attributable to:		
Shareholders of the Company	**5,994**	7,583
Non-controlling interests	**5,018**	18,695
	11,012	26,278

The accompanying notes from an integral part of these consolidated financial statements

Consolidated Statement of changes in equity - for the year ended 31 December 2017

	Share capital	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings (*)	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Balance at 31 December 2015	50,403	(3,598)	(179,075)	229,741	589,815	687,286	102,607	789,893
Comprehensive income								
Profit for the year	-		-	-	46,668	46,668	23,979	70,647
Other comprehensive loss for the year	-		(39,047)	(38)	-	(39,085)	(5,284)	(44,369)
Total comprehensive (loss) / income for the year	-		(39,047)	(38)	46,668	7,583	18,695	26,278
Transfer to employee association fund	-	-	-	-	(1,830)	(1,830)	(610)	(2,440)
(Dividends (note 10	-	-	-	-	(50,116)	(50,116)	(5,456)	(55,572)
Transfer to voluntary reserve ((note 10	-	-	-	4,971	(4,971)	-	-	-
Balance at 31 December 2016	50,403	(3,598)	(218,122)	234,674	579,566	642,923	115,236	758,159
Comprehensive income								
Profit for the year	-	-	-	-	**39,536**	**39,536**	**12,026**	**51,562**
Other comprehensive (loss) / income for the year	-	-	**(34,242)**	**700**	-	**(33,542)**	**(7,008)**	**(40,550)**
Total comprehensive (loss) / income for the year	-	-	**(34,242)**	**700**	**39,536**	**5,994**	**5,018**	**11,012**
Transfer to employee association fund	-	-	-	-	**(137)**	**(137)**	**(46)**	**(183)**
Effect of dilution of ownership **interest	-	-	-	-	**6,233**	**6,233**	**1,593**	**7,826**
(Dividends (note 10	-	-	-	-	**(42,599)**	**(42,599)**	**(7,884)**	**(50,483)**
Transfer to voluntary reserve ((note 10	-	-	-	**4,199**	**(4,199)**	-	-	-
Balance at 31 December 2017	**50,403**	**(3,598)**	**(252,364)**	**239,573**	**578,400**	**612,414**	**113,917**	**726,331**

* Includes an amount of KD 5,302 thousand related to legal reserve for one of the subsidiaries, not available for distribution.

** This represents gain on dilution of the 9.50% of the Company's shareholding in Ooredoo Maldives Public Limited Company.

The accompanying notes from an integral part of these consolidated financial statements

Consolidated Statement of cash flows - for the year ended 31 December 2017

	Note	2017 KD 000's	2016 KD 000's
Cash flows:			
Profit for the year		**51,562**	70,647
Adjustments for:			
Depreciation and amortisation	4 & 5	**145,096**	144,663
Finance income	13	**(2,242)**	(1,837)
Impairment loss on investments	6	**256**	134
Provision for impairment of receivables	8	**15,958**	6,212
Taxation relating to subsidiaries	7	**24,853**	(1,632)
Loss on disposal and write off of property and equipment and intangibles		**135**	61
Reversal of impairment loss on intangible assets	5	**(685)**	-
Finance costs	13	**10,743**	12,159
Provision for KFAS, NLST and Zakat	15	**1,854**	2,436
Provision for staff indemnity		**1,960**	1,917
		249,490	234,760
Changes in:			
Trade and other receivables and other non-current assets		**(57,683)**	(6,193)
Inventories		**(8,027)**	17,002
Trade and other payables and other non-current liabilities		**(26,017)**	(4,579)
Cash generated from operating activities		**157,763**	240,990
Payment for staff indemnity		**(1,110)**	(479)
Net cash generated from operating activities		**156,653**	240,511
Cash flows from investing activities:			
Term deposits		**(33,332)**	37,050
Purchase of property and equipment		**(68,205)**	(113,826)
Proceeds from disposal of property and equipment		**836**	2,426
Acquisition of intangible assets	5	**(6,667)**	(36,407)
Acquisition of subsidiary		**-**	(10,934)
Proceeds from share issue of a subsidiary		**7,826**	-
Finance income received		**2,242**	1,837
Net cash used in investing activities		**(97,300)**	(119,854)
Cash flows from financing activities:			
Finance costs paid		**(10,743)**	(12,159)
Dividends paid		**(42,523)**	(49,587)
Dividend paid by subsidiary to non-controlling interests		**(3,844)**	(4,332)
Payment to employee association fund		**(183)**	(2,440)
Repayment of long term debts (net)		**(37,233)**	(21,584)
Net cash used in financing activities		**(94,526)**	(90,102)
Effect of foreign currency translation		**146**	22,624
Net change in cash and cash equivalents		**(35,027)**	53,179
Cash and cash equivalents at 1 January		**112,961**	59,782
Cash and cash equivalents at 31 December	9	**77,934**	112,961

The accompanying notes from an integral part of these consolidated financial statements

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 specialized companies and parties as well as authorizing the board to undertake the same; and
- The Company may have interest or in any way participate with corporate and organizations 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 subsidiary.

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 elsewhere through subsidiaries in the Middle East and North Africa region and Maldives. The Company's shares were listed on the Boursa Kuwait in July 1999 and commercial operations began in December 1999.

The Company is a subsidiary of Ooredoo International Investments L.L.C. ("Parent Company") a subsidiary of Ooredoo Q.P.S.C. ("Ooredoo") ("Ultimate Parent Company"), which is a Qatari shareholding company 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.

The number of employees of the Company at 31 December 2017 was 486 (2016: 550)

These consolidated financial statements were approved for issue by the Board of Directors of the Company on 5 February 2018 and are subject to the approval of the Annual General Assembly of the shareholders which has the power to amend these consolidated financial statements.

2 - Basis of preparation and significant accounting policies

The principal accounting policies have been applied consistently by the Group and are consistent with those used in the previous year, with the exception of new accounting policies as set out in note 2 (c).

a) Basis of preparation

The consolidated financial statements are prepared on a historical cost basis, except for the measurement at fair value of available for sale financial assets.

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the Company's functional and presentation currency.

b) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Committee of the IASB and the relevant provisions of the Companies Law No. 1 of 2016 and its Executive Regulations and the Company's Memorandum of Incorporation and Articles of Association and Ministerial Order No. 18 of 1990.

c) New standards and amendments effective from 1 January 2017

The accounting policies applied are consistent with those used in the previous year. Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2017 did not have any material impact on the accounting policies, financial position or performance of the Group.

d) Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations which are effective for annual periods beginning on or after 1 January 2018 have not been early adopted in the preparation of the Group's consolidated financial statements. None of these are expected to have a significant impact on the consolidated financial statements of the Group except the following:

IFRS 9 : Financial Instruments

The IASB issued the final version of IFRS 9 "Financial Instruments" in July 2014 that replaces IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. IFRS 9 brings together all threes aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date from 1 January 2018. The Group will avail of the exemption allowing it not to restate comparative information for prior periods. Differences in the carrying amounts of financial asset and financial liabilities resulting from the adoption of IFRS 9 will be recognised in opening retained earnings and reserves as at 1 January 2018.

a. Classification and measurement

IFRS 9 has a new classification and measurement approach for financial assets that reflect the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three classification categories for financial assets: Measured at Amortised Cost; Fair Value through Other Comprehensive Income ("FVOCI") (with and without recycling of gains or losses to profit or loss on derecogintion of debt and equity instruments, respectively); and Fair Value Through Profit or Loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

2. Basis of preparation and significant accounting policies (Continued)

The Group has evaluated the classification and measurement criteria to be adopted for various financial assets considering the IFRS 9 requirements. The Group does not expect a significant impact on its consolidated statement of financial position from applying the classification and measurement requirements of IFRS 9.

b. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The Group is allowed to compute the life time expected credit loss of its trade receivables under simplified approach.

The impairment requirement apply to financial assets measured at amortised cost.

The Group is continuing to analyse the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Group presents its first interim financial statements on 31 March 2018 that includes the effects of it application from the effective date.

IFRS 15 : Revenue from Contracts with customers

IFRS 15 was issued by IASB on 28 May 2014, effective for annual periods beginning on or after 1 January 2018. IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 from the effective date. This new standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Group is continuing to analyse the impact of the changes and its impact will be disclosed in the first interim financial statements as of 31 March 2018 that includes the effects of it application from the effective date.

IFRS 16 : Leases

In January 2016, the IASB issued IFRS 16 'Leases' with an effective date of annual periods beginning on or after 1 January 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The Group is in the process of evaluating the impact of IFRS 16 on the Group's financial statements.

e) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries (note 14).

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

2. Basis of preparation and significant accounting policies (Continued)

Non-controlling interests represent the net assets (excluding goodwill) of consolidated subsidiaries not attributable directly, or indirectly, to the equity holders of the Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted or as an available for sale financial asset depending on the level of influence retained.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognised immediately in the consolidated statement of profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in the consolidated statement of profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss.

2. Basis of preparation and significant accounting policies (Continued)

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit or loss or in the consolidated statement of comprehensive income.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions of non-controlling interests

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value. Transactions with non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the Group's presentation currency, rounded off to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated statement of profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Kuwaiti Dinar at exchange rates prevailing at the reporting date. Income and expenses for each statements of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in this case income and expenses are translated at the rate on the dates of the transactions).

2. Basis of preparation and significant accounting policies (Continued)

Foreign currency differences are recognized in the consolidated statement of comprehensive income and presented in the foreign currency translation reserve in the consolidated statement of changes in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant portion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in the consolidated statement of comprehensive income, and presented in foreign currency translation reserve in the consolidated statement of changes in equity.

f) Financial instruments

i. Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the following categories:

- loans and receivables; and
- available for sale financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and deposits with original maturities of three months or less from the date of placement less bank overdrafts. The deposits are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

2. Basis of preparation and significant accounting policies (Continued)

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of other categories of financial assets.

Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in the consolidated statement of changes in equity. When an investment is derecognised, the gain or loss accumulated in the consolidated statement of changes in equity is reclassified to the consolidated statement of profit or loss.

Available for sale financial assets comprise of equity securities and debt securities.

ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially at the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise of trade and other payables, term debts and other non-current liabilities.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

g) Inventories

Inventories are stated at the lower of purchase cost and net realisable value using the weighted average method after making allowance for any slow moving and obsolete items. Purchase cost includes the purchase price, import duties, transportation, handling and other direct costs except for borrowing costs. Net realisable value represents the estimated selling price less all estimated selling costs.

2. Basis of preparation and significant accounting policies (Continued)

h) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use and capitalised borrowing cost.

Depreciation is calculated based on the estimated useful lives of the applicable assets (note 4) on a straight-line basis commencing when the assets are ready for their intended use.

Property and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on prospective basis.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repair and maintenance are expensed as incurred.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of profit or loss.

i) Leases

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases and are not recognised in the Group's statement of financial position. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Lease payments

Payments made under operating leases are recognised in the consolidated statement of profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

2. Basis of preparation and significant accounting policies (Continued)

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

j) Intangible assets

Identifiable non-monetary assets without physical substance acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets consist of telecom license fees paid by the subsidiaries, brand name, customer relationships, concession arrangements, softwares and goodwill arising on the acquisition of subsidiaries. Intangible assets with definite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Cost includes the purchase cost and directly associated costs of being the asset for its intended use.

The telecom license fee, brand name, customer relationships and concession intangible assets are being amortised on a straight-line basis over their useful lives. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill is not amortised, but is reviewed for impairment at least annually. Any impairment loss is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Amortization is calculated based on the estimated useful lives of the applicable intangible assets on a straight-line basis (note 5).

k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

l) Impairment

i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

2. Basis of preparation and significant accounting policies (Continued)

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in available for sale equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account against loans and receivables.

Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

Available for sale financial assets

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the consolidated statement of profit or loss.

The cumulative loss that is reclassified from the consolidated statement of changes in equity to the consolidated statement of profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the consolidated statement of profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in the consolidated statement of profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in the other comprehensive income.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

2. Basis of preparation and significant accounting policies (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to the present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups at CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the consolidated statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Term debt

Term debt is recognised initially at fair value, net of transaction costs incurred. Term debt is subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the debt using the effective interest method.

n) Provision for staff indemnity

The provision for staff indemnity is payable on completion of employment. The provision is calculated in accordance with applicable labour law based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits.

With respect to its Kuwaiti employees, the Group makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due. The Group expects this method to produce a reliable approximation of the present value of the obligations.

o) Treasury shares

Treasury shares consist of the Company's own shares that have been issued, subsequently reacquired and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra account in the consolidated statement of changes in equity. When treasury shares are reissued, gains are credited to a separate account in the consolidated statement of changes in equity, which is not distributable.

Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2. Basis of preparation and significant accounting policies (Continued)

p) Revenue recognition

Revenue represents the fair value of the consideration received or receivable for communication services and equipment sales net of discounts and sales tax. Revenue from rendering of services and sale of equipment is recognised when it is probable that the economic benefits associated with the transaction shall flow to the Group and the amount of revenue and the associated costs can be reliably measured.

The Group principally obtains revenue from providing telecommunication services comprising access charges, airtime usage, messaging, interconnect fee, data services and infrastructure provision, connection fees, equipment sales and other related services.

The specific revenue recognition criteria applied to significant elements of revenue is set our below:w

Revenue from rendering of services

Revenue from access charges, airtime usage and messaging by contract customers is recognised as revenue when services are performed with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue arising from separable installation and connection services is recognised when it is earned. Subscription fee is recognised as revenue as the services are provided.

Interconnection, roaming and post-paid revenue

Revenue from interconnection and roaming services provided to other telecom operators, as well as post-paid services provided to subscribers are generally billed on a monthly basis and are recognised based on actual usage, applying contractual rates, net of estimated discounts.

Sales of prepaid cards and vouchers

Sale of prepaid cards and vouchers is recognised as revenue based on the actual utilisation of the prepaid cards sold. Sales relating to unutilised prepaid cards are accounted for as deferred income. Deferred income related to unused prepaid cards is recognised as revenue when utilised by the customer or upon termination of the customer relationship.

Sales of equipment

Revenue from sales of peripheral and other equipment is recognised when the significant risks and rewards of ownership are transferred to the buyer which is normally when the equipment is delivered and accepted by the customer.

Multiple element arrangements

In revenue arrangements including more than one deliverable that have value to a customer on standalone basis, the arrangement consideration is allocated to each deliverable based on the consideration received from the individual elements. The cost of elements are immediately recognised in profit or loss.

Other income

Other income represents income generated by the Group that arises from activities outside of the provision for communication services and equipment sales. Key components of other income are:

- Interest income

Interest income is recognised on an accrual basis using effective interest rate method.

- Dividend income

Dividend income is recognised when the Group's right to receive dividend is established.

2. Basis of preparation and significant accounting policies (Continued)

q) Customer loyalty program

The Group has implemented a customer loyalty program, whereby the subscribers may earn loyalty points that are redeemable in the form of discounts against the purchase price of handsets or credits for free service usage as well as vouchers to be utilised at third parties. The Group records the loyalty program in accordance with IFRIC 13 since the inception of the program, and maintains a deferred revenue balance for the fair value of loyalty points earned and not yet redeemed.

This deferred revenue is released to revenue when loyalty points are redeemed or when it is no longer considered probable that the loyalty points will be redeemed.

r) Taxation

Certain subsidiaries are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the financial position date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements of the relevant subsidiaries and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. Basis of preparation and significant accounting policies (Continued)

s) Zakat, KFAS and NLST

Zakat, Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labour Support Tax (NLST) represent levies/taxes imposed on the Company at the flat percentage of net profits attributable to the Company less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait.

Tax / statutory levy	Rate
Contribution to KFAS	1.0% of net profit less permitted deductions
NLST	2.5% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions

t) Finance costs

Finance costs representing interest expense on interest-bearing financial liabilities are calculated on an accrual basis and are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

u) Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of investments

On acquisition of an investment, the Group decides whether it should be classified as "financial assets at fair value through profit or loss" or "available for sale". The Group follows the guidance of IAS 39 on classifying its investments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

The Group has an established control framework with respect to the measurement of fair values.

The valuation team of ultimate parent company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques (refer note 22).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Impairment of investments

The Group treats available for sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is “significant” or “prolonged” requires judgment. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and discount factors for unquoted investments.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of unquoted equity investments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group uses different valuation techniques for various available for sale financial assets that are not traded in active markets.

Impairment of non-financial assets and useful lives

The Group’s management tests annually whether non-financial assets have suffered impairment in accordance with the accounting policies stated in note 2. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group’s management determines the useful lives and the related depreciation and amortisation charge.

The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The cash flows are derived from the budget for the next 10 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested, but do include the Group's expectation of future capital expenditure necessary to maintain the Group's existing operations. The input factors most sensitive to change are management estimates of future cash flows based on budgets, growth rates and discount rate. Further details on these assumptions are disclosed in note 5 along with the related sensitivities.

Impairment of receivables

The impairment charge reflects estimates of losses arising from the failure or inability of the parties concerned to make the required payments.

At the date of financial position, gross trade and billing and other receivables were KD 194,703 thousand (2016: KD 159,987 thousand), and the allowance for doubtful debts was KD 74,097 thousand (2016: KD 60,414 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. As at the reporting date, gross inventory was KD 31,181 thousand (2016: KD 24,789 thousand) and provision for obsolete inventory items was KD 5,061 thousand (2016: KD 6,532 thousand).

Deferred tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Were the actual final outcome (on the judgment areas) of expected cash flows to differ by 10% from management's estimates, the Group would need to increase the income tax liability by 2,846 KD thousand (2016: KD 1,607 thousand) and the deferred tax asset by KD 361 thousand (2016: KD 1,771 thousand) if unfavorable or decrease the income tax liability by KD 2,846 thousand (2016: KD 1,607 thousand) and the deferred tax asset by KD 361 thousand (2016: KD 1,771 thousand), if favorable.

4. Property and equipment

	Land and buildings	Exchange and network assets	Subscriber apparatus and other equipment	Capital work-in progress	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Cost					
Balance at 1 January 2016	63,005	1,001,410	125,511	81,197	1,271,123
	-	15,007	2,727	-	17,734
Transfers	411	48,517	3,597	(54,345)	(1,820)
Additions	924	41,302	7,236	64,364	113,826
Disposals	(87)	(12,508)	(481)	(1,535)	(14,611)
Currency translation effects	(1,218)	(37,601)	(2,792)	(2,563)	(44,174)
Balance at 31 December 2016	63,035	1,056,127	135,798	87,118	1,342,078
Transfers	**1,393**	**52,120**	**9,928**	**(63,880)**	**(439)**
Additions*	**466**	**62,539**	**6,128**	**36,943**	**106,076**
Disposals*	**(2)**	**(81,202)**	**(7,230)**	**-**	**(88,434)**
Currency translation effects	**(1,624)**	**(45,070)**	**(3,512)**	**(3,122)**	**(53,328)**
Balance at 31 December 2017	**63,268**	**1,044,514**	**141,112**	**57,059**	**1,305,953**
Accumulated depreciation and impairment					
Balance at 1 January 2016	19,030	502,817	88,473	-	610,320
Acquisition Of Subsidiary	-	12,483	2,208	-	14,691
Transfers	(9)	(223)	206	-	(26)
Charge for the year	4,285	99,339	14,127	-	117,751
Related to disposals	(101)	(11,636)	(387)	-	(12,124)
Currency translation effects	(660)	(21,859)	(2,160)	-	(24,679)
Balance at 31 December 2016	22,545	580,921	102,467	-	705,933
Transfers	**43**	**(43)**	**-**	**-**	**-**
Charge for the year	**4,022**	**99,909**	**14,039**	**-**	**117,970**
Related to disposals*	**(2)**	**(44,673)**	**(4,917)**	**-**	**(49,592)**
Currency translation effects	**(1,012)**	**(27,957)**	**(2,944)**	**-**	**(31,913)**
Balance at 31 December 2017	**25,596**	**608,157**	**108,645**	**-**	**742,398**
Carrying amounts:					
At 31 December 2016	40,490	475,206	33,331	87,118	636,145
At 31 December 2017	**37,672**	**436,357**	**32,467**	**57,059**	**563,555**
Annual depreciation rates	3.3%-23%	9.8%-22.5%	17.5%-33.33%		

*This includes network assets written off, which was replaced with equipment from a new vendor. The Company received a compensation of equal amount from the vendor.

4. Property and equipment (Continued)

Property and equipment of Wataniya Palestine Mobile Telecom Limited (WPT) totalling to KD 26,430 thousand (2016: 14,167 thousand) are under registered mortgage to secure certain bank loans (note 11).

Certain assets classified under leasehold land, furniture, fixtures and others amounting to KD 31 thousand (2016: KD 90 thousand) were acquired under finance lease agreements for which the current portion of the respective obligations amounting to KD 22 thousand (2016: KD 56 thousand) is included under trade and other payables and the non-current portion from 1 to 5 years amounting to KD 9 thousand (2016: KD 34 thousand) is included under non-current liabilities. In addition, the Group is upgrading its networks in several locations for which part of the related assets are included within inventories pending the transfer to capital work in progress.

5. Intangible assets and goodwill

	Goodwill	License and other intangible assets	Brand names	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Cost				
Balance at 1 January 2016	238,433	416,069	11,980	666,482
Acquisition Of Subsidiary	1,927	10,396	-	12,323
Transfers	-	1,820	-	1,820
Additions	-	36,407	-	36,407
Currency translation effects	(25,613)	(23,779)	(1,288)	(50,680)
Balance at 31 December 2016	214,747	440,913	10,692	666,352
Transfers	**-**	**439**	**-**	**439**
Additions	**-**	**6,667**	**-**	**6,667**
Currency translation effects	**(17,027)**	**(24,043)**	**(856)**	**(41,926)**
Balance at 31 December 2017	**197,720**	**423,976**	**9,836**	**631,532**
Accumulated amortisation and impairment				
Balance at 1 January 2016	16,816	184,481	11,980	213,277
Transfers	-	26	-	26
Charge for the year	-	26,912	-	26,912
Currency translation effects	(1,872)	(8,328)	(1,288)	(11,488)
Balance at 31 December 2016	14,944	203,091	10,692	228,727
Charge for the year	**-**	**27,126**	**-**	**27,126**
Reversal of impairment loss	**-**	**(685)**	**-**	**(685)**
Currency translation effects	**(1,188)**	**(10,973)**	**(856)**	**(13,017)**
Balance at 31 December 2017	**13,756**	**218,559**	**9,836**	**242,151**
Carrying amounts				
At 31 December 2016	199,803	237,822	-	437,625
At 31 December 2017	**183,964**	**205,417**	**-**	**389,381**
Amortisation rate	-	6%-15%	16.67%	

Goodwill of KD 182,037 thousand (2016: 197,876) is allocated to Ooredoo Tunisie S.A. and KD 1,927 thousand (2016: KD 1,927 thousand) to Fast Telecommunications Company W.L.L., which are the Group's cash generating units (CGUs).

The estimated recoverable amount of Ooredoo Tunisie S.A. and Fast Telecommunications Company W.L.L exceeded the carrying amount by KD 59,466 thousand (2016: 35,975 thousand) and KD 23,600 thousdand respectively.

5. Intangible assets and goodwill (Continued)

The recoverable amount of this CGU was based on its value in use, estimated by discounting the future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of value in use were as follows:

	2017	2016
	%	%
Discount rate	10.01 % -14%	10.53

The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a projected debt leveraging of 50% and a weighted average cost of debt of 3.86%.

The Group has also performed a sensitivity analysis by varying these input factors by a reasonable possible margin. Based on such analysis, there are no indications that Goodwill is impaired considering the level of judgements and estimations used.

6. Available for sale financial assets

	2017	2016
	KD 000's	KD 000's
Listed equity securities	-	144
Unlisted equity securities	**6,695**	6,106
	6,695	6,250

Movement in available for sale financial assets is as follows:

	2017	2016
	KD 000's	KD 000's
Balance at beginning of the year	**6,250**	6,438
Impairment loss on value of investments	**(256)**	(134)
(Net unrealised gain / (loss	**700**	(38)
Foreign exchange difference	**1**	(16)
Balance at end of the year	**6,695**	6,250

At 31 December 2017, unlisted equity investments with a net amount of KD 2,000 thousand (2016: KD 2,133 thousand) 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.

At 31 December 2017, available for sale financial assets amounting to KD 6,682 thousand (2016: KD 6,093 thousand) is denominated in Kuwaiti Dinars and the remaining in US Dollars.

7. Taxation relating to subsidiaries

The income tax represents amounts recognised by subsidiary companies. The major components of the income tax expense are as follows:

	2017 KD 000's	2016 KD 000's
Current tax		
Current income tax charge	**28,023**	16,074
Adjustment in respect of previous year income tax	**437**	-
	28,460	16,074
Deferred tax		
Relating to origination and reversal of temporary differences	**(3,607)**	(17,706)
Income tax included in the consolidated statement of profit or loss	**24,853**	(1,632)

The Company is not subject to income tax in the State of Kuwait. The effective tax rate applicable to the taxable subsidiary companies is 24.84% (2016: 15.34%). For the purpose of determining the taxable results for the year, the accounting profit of the subsidiaries is adjusted for tax purposes. Adjustments for tax purposes included items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices in each subsidiary's jurisdiction. In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits together with the details of the effective tax rates. As a result, the reconciliation below includes only the identifiable major reconciling items.

The reconciliation between tax expense and the product of accounting profit multiplied by the Group's effective tax rate is as follows:

	2017 KD 000's	2016 KD 000's
Profit before taxation in consolidated statement of profit or loss	**76,415**	69,015
Profit of the Company and its subsidiaries that are not subject to corporate income tax	**3,413**	22,024
Profit of subsidiaries that are subject to corporate income tax	**79,828**	91,039
Add:		
Allowances, accruals and other temporary differences	**20,362**	1,733
Expenses and income that are not subject to corporate tax	**13,724**	11,472
Depreciation – net	**674**	684
Taxable profit of subsidiaries that are subject to corporate income tax	**114,588**	104,928
Current income tax charge at the effective income tax rate of 24.84% (2016: 15.34%)	**28,460**	16,074
Current income tax charge	**28,460**	16,074

Deferred tax

The deferred tax asset of KD 22,225 thousand as at 31 December 2017 (2016: KD 19,607 thousand) has been recognised on account of allowances, accruals and other temporary differences in Wataniya Telecom Algerie S.P.A., Ooredoo Maldives Public Limited Company and Ooredoo Tunisie S.A.

Movement in deferred tax asset during the year:

	2017 KD 000's	2016 KD 000's
Opening balance	**19,607**	2,046
Benefit to the consolidated statement of profit or loss	**3,607**	17,706
Foreign exchange differences	**(989)**	(145)
Closing balance	**22,225**	19,607

8. Trade and other receivables

	2017 KD 000's	2016 KD 000's
Trade and billing receivables	**171,997**	148,352
Unbilled revenue	**7,282**	6,412
Advances and prepayments	**52,338**	32,821
Interest receivable	**1,149**	851
Other receivables	**22,706**	11,635
	255,472	200,071
Less: allowance for doubtful debts	**(74,097)**	(60,414)
	181,375	139,657

Advances and prepayments include advance payments to suppliers amounting to KD 9,556 thousand (2016: KD 12,166 thousand).

Movement in the allowance for doubtful debts is as follows:

	2017 KD 000's	2016 KD 000's
Balance at beginning of the year	**60,414**	52,691
Acquisition of Subsidiary	**-**	2,274
Charge for the year	**15,958**	6,212
Amounts written off as uncollectible	**(1,516)**	(171)
Amount recovered during the year	**-**	(192)
Foreign exchange differences	**(759)**	(400)
Balance at end of the year	**74,097**	60,414

Ageing of unimpaired trade receivables is as follows:

			Past due not impaired			
	Total	Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 days	> 90 days
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
2017	**97,900**	**48,271**	**9,121**	**8,664**	**7,720**	**24,124**
2016	87,938	49,315	11,435	6,080	5,037	16,071

The estimated fair value of trade receivables at the reporting date is not significantly different from their carrying value.

9. Bank balances and cash

	2017 KD 000's	2016 KD 000's
Cash and bank balances	**69,386**	97,463
Deposits	**59,476**	33,094
Bank balances and cash in the consolidated statement of financial position	**128,862**	130,557
Deposits with original maturities of three months or more	**(50,928)**	(17,596)
Cash and cash equivalents in the consolidated statement of cash flows	**77,934**	112,961

The effective interest rate on interest-earning deposits ranged from 1.75 % to 7.98 % (2016: 1.75% to 7.45%) per annum.

Included in deposits with original maturities of three months or more is an amount of KD 7,864 thousand (2016: KD 723 thousand) which is restricted in accordance with a syndicated loan agreement (refer to note 11) and other obligations entered into by a Subsidiary and the Company.

10. Equity

a) Share capital

The authorised, issued and fully paid up share capital as at 31 December 2017 consists of 504,033 thousand shares (2016: 504,033 thousand shares) of 100 fils each, contributed in cash.

b) Treasury shares

	2017	**2016**
(Number of shares (000's	**2,871**	2,871
Percentage of issued shares	**0.57%**	0.57%
(Cost (KD 000's	**3,598**	3,598
(Market value (KD 000's	**3,101**	3,445

c) Statutory reserve

In accordance with the Companies Law No. 1 of 2016 and its Executive Regulations and the Company's Articles of Association, 10% of profit for the year attributable to shareholders of the Company before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to a statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution except for the amount in excess of 50% of share capital or payment of a dividend of 5% of paid up share capital in years when retained earnings are not sufficient for the payment of such dividends.

The Company has discontinued further transfers to statutory reserve as it has exceeded 50% of the authorised, issued and fully paid up share capital.

d) Voluntary reserve

In accordance with the Company's Articles of Association, 10% of profit for the year attributable to shareholders of the Company before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to the voluntary reserve until the shareholders decide to discontinue the transfer to the voluntary reserve. During the current year, an amount of KD 4,199 thousand has been transferred to voluntary reserve (2016: KD 4,971 thousand).

e) Proposed dividends

The Board of Directors proposed a cash dividend of 70 fils per share for the year ended 31 December 2017 (2016: 85 fils per share). This proposal is subject to the approval of the shareholders in the Annual General Assembly and has not been accounted for in these consolidated financial statements.

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 for the year ended 31 December 2016 (2015: cash dividend of 100 fils per share) to the Company's shareholders existing as at 19 March 2017.

10. Equity (Continued)

f) Other reserves

	Share premium KD 000's	Statutory reserve KD 000's	Voluntary reserve KD 000's	Gain on sale of treasury shares KD 000's	Fair value reserve KD 000's	Other reserves	Total reserves
Balance at 31 December 2015	66,634	32,200	120,717	6,914	(136)	3,412	229,741
Comprehensive income							
Other comprehensive loss for the year	-	-	-	-	(38)	-	(38)
Transfer to voluntary reserve	-	-	4,971	-	-	-	4,971
Balance at 31 December 2016	66,634	32,200	125,688	6,914	(174)	3,412	234,674
Comprehensive income							
Other comprehensive income for the year	-	-	-	-	**700**	-	**700**
Transfer to voluntary reserve	-	-	**4,199**	-	-	-	**4,199**
Balance at 31 December 2017	**66,634**	**32,200**	**129,887**	**6,914**	**526**	**3,412**	**239,573**

11. Long term debts

	Current		Non-current	
	2017 KD 000's	2016 KD 000's	2017 KD 000's	2016 KD 000's
Due to local banks	**34,575**	13,900	**-**	175
Due to local banks related to subsidiaries	**39,748**	45,565	**49,409**	108,946
Due to foreign banks	**1,539**	2,738	**10,782**	11,424
	75,862	62,203	**60,191**	120,545

The comparative fair value and carrying value of the Group's long term debts are as follow:

	Carrying amounts		Fair values	
	2017 KD 000's	2016 KD 000's	2017 KD 000's	2016 KD 000's
Fixed rates	**69,514**	98,997	**69,692**	99,083
Floating rates	**66,539**	83,751	**67,144**	85,096
	136,053	182,748	**136,836**	184,179

11. Long term debts (Continued)

The details of long term debts are as follows:

Description	2017 KD 000's	2016 KD 000's
a) Unsecured debts of Wataniya Telecom Algerie S.P.A.'s ("WTA") from banks in Algeria which are subject to various obligations and financial covenants over the terms of those debts. The loans bear interest rates of 5.5% per annum (2016: 5.5 % per annum). The repayment term is made in installments from March 2017 up to September 2020. These are denominated in Algerian Dinar.	**34,901**	84,388
b) Debts from banks in Palestine which are secured by assets of Wataniya Palestine Mobile Telecom Limited ("WPT"). The loans bear annual interest rates ranging from LIBOR plus 5 % to 5.85% per annum (2016: LIBOR plus 5% to 5.85% per annum) and are repayable in semiannual installments commencing 15 January 2011 and ending 15 June 2021. These are denominated in US Dollar.	**24,310**	18,279
c) Unsecured debts of the Company from banks in Kuwait which are subject to certain financial covenants over the terms of those debts. The loans bear annual interest rates of 3.15% per annum (2016 : 2.65% per annum) over the Central Bank of Kuwait discount rate. These are denominated in Kuwait Dinar.	**34,400**	13,600
d) Unsecured debts of Ooredoo Tunisie S.A. from banks in Tunisia which are subject to certain financial covenants to be complied on an annual basis. The loan bears floating interest rate indexed to the average monthly monetary rate published by the Central Bank of Tunisia plus 1.1 % to 1.75% margin (2016: Central Bank of Tunisia plus 1.1% to 1.75%). The installments of principal and interest are payable quarterly. The first installment of principal was paid in September 2014, the first installment of interest was paid in December 2013. The last installments of principal and interest are payable on 20 March 2021.	**40,578**	63,236
e) The facility is secured by fixed deposits of Ooredoo Maldives PLC ("OMPL" previously "WTM"s). The loans bear an interest rate of 1 month of US $ LIBOR plus 4.6 % per annum, interest rate of 3% per annum or one month LIBOR plus 3% (whichever is higher), 6% per annum and 3% per annum or one month LIBOR plus 3% (whichever is higher) (2016: 1 month of US $ LIBOR plus 4.6 % per annum, interest rate of 3% per annum or one month LIBOR plus 3% (whichever is higher), 4% and 6% per annum). The loans are repayable within 36 monthly , 30 monthly, 24 monthly and 30 monthly instalments respectively with accrued interest (2016: 36, 30, 23 and 24 equal monthly instalments). These are denominated in US Dollar.	**1,689**	2,770
f) Murabaha facility from a bank in Kuwait secured by a guarantee given by a subsidiary. This is repayable in equal instalments and carries a profit rate of 7.5% (2016: 7.5% per annum). This is denominated in Kuwaiti Dinar.	**175**	475
	136,053	182,748

12. Trade and other payables

	2017 KD 000's	2016 KD 000's
Accruals	**170,235**	180,955
Trade payables	**70,144**	70,769
Amounts due to related parties (note 17)	**50,970**	54,080
Other tax payable	**14,594**	14,511
Staff payable	**10,919**	13,263
Dividends payable	**16,089**	11,973
Other payables	**15,671**	21,467
	348,622	367,018

13. Finance costs - net

	2017 KD 000's	2016 KD 000's
Finance income	**2,242**	1,837
Finance costs	**(10,743)**	(12,159)
	(8,501)	(10,322)

14. Subsidiaries and non-controlling interests

Significant subsidiaries of the Company are as follows:

Name of subsidiaries	Country of incorporation	Voting capital held 2017	Voting capital held 2016
Wataniya Telecom Algerie S.P.A. (WTA)	Algeria	**71%**	71%
Wataniya International FZ – L.L.C. (WTI)	U.A.E	**100%**	100%
Ooredoo Maldives Public Limited Company (WTM) (subsidiary of WTI))	Maldives	**90.50%**	100%
WARF Telecom International Private Limited (WARF) (subsidiary of WTM)	Maldives	**65%**	65%
Wataniya Palestine Mobile Telecom Limited (WPT) (subsidiary of WTI)	Palestine	**48.45%**	48.45%
Al-Bahar United General Trading and Contracting Company WL.L.	Kuwait	**99%**	99%
Ooredoo Tunisie S.A.	Tunisia	**75%**	75%
Ooredoo Consortium Limited	Malta	**100%**	100%
Ooredoo Tunisia Holding Limited	Malta	**100%**	100%
Fast Telecommunications Company W.L.L.	Kuwait	**99%**	99%

14. Subsidiaries and non-controlling interests (Continued)

The following table summarizes the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations:

31 December 2017	WTA KD'000's	WPT KD'000's	Ooredoo Tunisie S.A. KD'000's
Non-current assets	301,426	66,087	132,524
Current assets	130,984	18,733	41,159
Non-current liabilities	(14,663)	(43,104)	(25,753)
Current liabilities	(195,562)	(23,137)	(89,378)
Net assets	222,185	18,579	58,552
Carrying amount of NCI	64,434	9,577	14,638
Revenue	285,146	25,980	127,474
Profit / (loss) and total comprehensive income / (loss)	41,348	(2,012)	3,926
Profit / (loss) allocated to NCI	11,991	(1,037)	982
Cash flows from operating activities	80,526	4,100	45,830
Cash flows used in investing activities	(18,720)	(4,383)	(19,419)
Cash flows from / (used in) financing activities	(74,071)	6,775	(39,844)
Net increase / (decrease) in cash and cash equivalents	(12,265)	6,492	(13,433)

31 December 2016	WTA KD'000's	WPT KD'000's	Ooredoo Tunisie S.A. KD'000's
Non-current assets	359,800	56,684	158,067
Current assets	110,410	11,230	55,436
Non-current liabilities	(63,106)	(31,675)	(45,874)
Current liabilities	(189,731)	(15,405)	(103,874)
Net assets	217,373	20,834	63,755
Carrying amount of NCI	63,038	10,740	15,939
Revenue	309,774	25,427	142,250
Profit / (loss) and total comprehensive income / (loss)	47,084	(472)	5,128
Profit / (loss) allocated to NCI	22,420	(243)	1,282
Cash flows from operating activities	149,824	5,223	45,982
Cash flows used in investing activities	(64,276)	(3,070)	(46,655)
Cash flows from / (used in) financing activities	(40,323)	(4,259)	22,096
Net increase / (decrease) in cash and cash equivalents	45,225	(2,106)	21,423

15. Provision for contribution to KFAS, NLST and Zakat

	2017 KD 000's	2016 KD 000's
KFAS	(420)	(407)
NLST	(875)	(1,422)
Zakat	(559)	(607)
	(1,854)	(2,436)

16. Basic and diluted earnings per share

Earnings per share attributable to shareholders of the Company is computed by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year less treasury shares as follows:

	2017	2016
Profit for the year attributable to shareholders of the Company (KD 000's)	**39,536**	46,668
Number of shares outstanding		
Weighted average number of paid up shares (000's)	**504,033**	504,033
Weighted average number of treasury shares (000's)	**(2,871)**	(2,871)
Weighted average number of outstanding shares (000's)	**501,162**	501,162
Basic and diluted earnings per share attributable to **shareholders of the Company (fils)**	**79**	93

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

17. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, 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:

		As at 31 December	
		2017 KD 000's	2016 KD 000's
a)	**Balances included in the consolidated statement of financial position**		
	Payable to Ooredoo Group L.L.C – fellow subsidiary	**49,174**	42,807
	Payable to ultimate parent company	**430**	8,961
	Payable to Ooredoo IP L.L.C – fellow subsidiary	**1,366**	2,312
	Amounts due to related parties (note 12)	**50,970**	54,080

		Year ended 31 December	
		2017 KD 000's	2016 KD 000's
b)	**Transactions included in the consolidated statement of profit or loss within selling, general and administrative expenses**		
	Management fees to Ooredoo Group L.L.C – fellow subsidiary	**14,671**	17,381
	Brand license fees to Ooredoo IP L.L.C - fellow subsidiary	**3,780**	2,308
c)	**Compensation of key management personnel:**		
	Short term benefits	**5,993**	8,344
	Termination benefits	**531**	541
		6,524	8,885

18. Operating segments

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, the Group Chief Financial Officer, in order to allocate resources to the segment and to its performance.

The accounting policies of the reportable segments are the same as the Group's accounting polices described in note 2. Segment profit represents the profit earned by each segment without investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purpose of monitoring performance and allocating resources between segments:

- Goodwill is allocated to each reportable segment as applicable. There are no assets used jointly by any reportable segment.
- There are no liabilities for which any segment is jointly liable.

Although certain segments do not meet the quantitative thresholds required by IFRS 8, management has concluded that these segments should be reported, as they are closely monitored as a potential growth region and are expected to materially contribute to Group revenue in the future.

The reportable operating segments derive their revenue primarily from telecommunications services.

18. Operating segments (Continued)

		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
31 December 2017							
Segment revenues	222,745	127,474	285,146	36,287	25,980	-	697,632
Profit / (loss)	2,177	3,926	41,348	11,425	(2,256)	(5,058)	51,562
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
Segment liabilities	133,592	48,322	175,324	17,484	73,647	-	448,369
Debt and other obligations	42,187	40,578	34,901	1,689	26,225	-	145,580
Total liabilities	175,779	88,900	210,225	19,173	99,872	-	593,949
Other information							
Impairment loss on available for sale financial assets (note 6)	(123)	(133)	-	-	-	-	(256)
Purchase of property and equipment	54,377	15,736	15,071	4,336	16,556	-	106,076
Acquisition of intangible assets	874	1,618	3,836	325	14	-	6,667
Depreciation and impairment of property and equipment	(30,709)	(25,844)	(54,027)	(4,261)	(3,129)	-	(117,970)
Amortisation of intangible assets	(638)	(5,410)	(12,004)	(638)	(3,378)	(5,058)	(27,126)
Provision for staff indemnity	(1,509)	-	(90)	-	(361)	-	(1,960)

18. Operating segments (Continued)

	Inside Kuwait	Outside Kuwait					
		Tunisia	Algeria	Maldives	Others	Un-allocated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
31 December 2016							
Segment revenues	197,765	142,250	309,774	31,625	25,427	-	706,841
Profit / (loss)	10,354	5,128	47,084	9,633	(1,190)	(362)	70,647
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
Segment liabilities	134,618	67,350	168,450	10,612	58,926	-	439,956
Debt and other obligations	21,086	63,236	84,387	2,770	19,805	-	191,284
Total liabilities	155,704	130,586	252,837	13,382	78,731	-	631,240
Other information							
Impairment loss on available for sale financial assets (note 6)	(134)	-	-	-	-	-	(134)
Purchase of property and equipment	29,319	25,713	50,555	6,871	1,368	-	113,826
Acquisition of intangible assets	177	21,446	13,974	315	495	-	36,407
Depreciation and impairment of property and equipment	(28,921)	(26,309)	(55,896)	(3,788)	(2,837)	-	(117,751)
Amortisation of intangible assets	(477)	(10,169)	(12,207)	(682)	(3,015)	(362)	(26,912)
Provision for staff indemnity	(1,463)	-	(97)	-	(357)	-	(1,917)

19. Contingencies and Commitments

	2017 KD 000's	2016 KD 000's
a) Capital commitments		
For the acquisition of property and equipment	**60,681**	33,879
For the acquisition of mobile license in a subsidiary	**48,215**	48,795
	108,896	82,674

b) 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 consolidated statement of profit or loss during the year is disclosed under cost of revenue. 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:

	2017 KD 000's	2016 KD 000's
Not later than one year	**8,216**	8,117
Later than one year but not later than five years	**29,828**	29,029
Later Than five years	**981**	-
	39,025	37,146

c) Contingent liabilities		
Letters of guarantee	**2,942**	1,932
Letters of credit	**13,887**	3,107
	16,829	5,039

Litigation and claims :

Ooredoo Tunisie S.A. received additional tax claims amounting to KD 12,324 thousand (including penalties and interests) for assessment periods 1 January 2013 to 31 December 2015. Management has responded to this notification and believes that the prospects of the tax claims matter being resolved in Group's favour are good.

Wataniya Telecom Algerie S.P.A. received additional tax claims amounting to KD 10,152 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.

A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the 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.

20. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

20. Financial instruments and risk management (Continued)

The Board of Directors provide written principles for overall risk management, and specifically to cover areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instrument, and investment of excess liquidity.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

i. Foreign currency exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Tunisian Dinars, Algerian Dinars and UAE Dirham. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group manages the foreign currency exchange risk by diversifying its exposure to different currency rates.

The Group had the following significant net exposures denominated in foreign currencies:

	2017 KD 000's Equivalent	2016 KD 000's Equivalent
US Dollar	**(25,231)**	(15,070)
MVR Rufiyaa	**29,251**	-
Tunisian Dinar	**(63,410)**	(75,948)
Algerian Dinar	**(49,716)**	(125,364)
UAE Dirham	**(36,224)**	(32,718)

<u>Foreign currency sensitivity analysis</u>

The Group is maintaining exposure mainly to the US Dollar, Tunisian Dinar, Algerian Dinar and UAE Dirham. The following table details the Group's sensitivity to a 10% increase in the KD against the other currencies (as a result of a change in the foreign currency) at the year-end due to the assumed change in market rates, with all other variable held constant. A 10 % decrease in the KD against these currencies would have the opposite effect. A positive number indicates increase in equity and a negative number indicates decrease in equity.

	2017 Effect on equity KD 000's	2016 Effect on equity KD 000's
US Dollar	**2,523**	1,507
MVR Rufiyaa	**(2,925)**	-
Tunisian Dinar	**6,341**	7,595
Algerian Dinar	**4,972**	12,536
UAE Dirham	**3,622**	3,272

20. Financial instruments and risk management (Continued)

Market risk (Continued)

ii. Interest rate risk management

Interest rate risk is the risk arising from possible changes in financial instruments that may affect future profitability of the Group.

The Group's interest rate risk arises from term borrowings which are detailed in note 11. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates which is detailed in note 9.

The following table illustrates the sensitivity of the profit as well as equity to a reasonably possible change in interest rates of 1% (2016: 1%) with effect from the beginning of the year. The calculations are based on the Group's financial instruments held at each reporting date. A positive number below indicates an increase in profit / equity and a negative number indicates a decrease in profit/equity.

		2017		2016	
	Increase	Effect on profit KD 000's	Effect on equity KD 000's	Effect on profit KD 000's	Effect on equity KD 000's
KD	+1	**(11)**	**(11)**	(5)	(5)
US Dollar	+1	**(12)**	**(12)**	(9)	(9)
MVR Rufiyaa	+1	**2**	**2**	-	-
Tunisian Dinar	+1	**(28)**	**(28)**	(27)	(27)
Algerian Dinar	+1	**(36)**	**(36)**	(63)	(63)

Sensitivity to interest rate movements will be on a symmetric basis. A 1% decrease in interest rate would have the opposite effect.

iii. Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of listed equity investments. The Group manages the risk through diversification of investments in terms of industry concentration. The effect of equity price risk on profit for the year of the Group is not significant as it has no investments classified as financial assets at fair value through profit or loss, except for effect of impairment in value of financial assets (if any). The effect on equity (as a result of a change in the fair value of equity investments held as available for sale financial assets) at the year end due to an assumed 15% change in market indices, with all other variables held constant, is not significant.

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade and billing receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

20. Financial instruments and risk management (Continued)

Credit risk management (Continued)

i. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2017	**2016**
	KD 000's	**KD 000's**
Bank balances	**126,505**	127,349
Trade and other receivables	**129,037**	106,836
	255,542	234,185

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	Carrying amount	
	2017	**2016**
	KD 000's	**KD 000's**
Kuwait	**72,670**	60,494
Tunisia	**34,842**	47,672
Algeria	**92,712**	89,525
Maldives	**38,627**	26,668
Palestine	**16,678**	8,259
Other	**13**	1,567
	255,542	234,185

The Group's credit risk bearing assets can be analysed by the industry sector as follows:

	2017	**2016**
	KD 000's	**KD 000's**
Banks and other financial institutions	**126,505**	127,349
Others	**129,037**	106,836
Total	**255,542**	234,185

<u>Credit quality of financial assets</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

The average credit period is 30 days. No interest is charged on the overdue trade and billing receivables.

The Group has substantially provided for all receivables due for a period greater than 365 days as a result of historical experience. Trade and billing receivables between 30 days and 365 days are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

As of 31 December 2017, trade and billing receivables of KD 97,900 thousand (2016: KD 87,938 thousand) were fully performing.

20. Financial instruments and risk management (Continued)

Credit risk management (Continued)

Included in the Group's trade and billing receivables balances are debtors with a carrying amount of KD 49,629 thousand (2016: KD 38,623 thousand) which are past due at the reporting date for which the Group has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The table below shows the credit risk exposure by credit quality of financial assets that are neither past due nor impaired by class, grade and status.

	Rated	Unrated		
		High	Standard	
31 December 2017		grade	Grade	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Bank balances	**117,760**	**8,745**	**-**	**126,505**
Trade and other receivables	**-**	**57,174**	**22,234**	**79,408**
Total	**117,760**	**65,919**	**22,234**	**205,913**

	Rated	Unrated		
		High	Standard	
31 December 2016		grade	Grade	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Bank balances	125,153	2,196	-	127,349
Trade and other receivables	-	49,113	19,100	68,213
Total	125,153	51,309	19,100	195,562

All the above financial assets are classified as "loans and receivables".

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance department. Group treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, compliance with internal financial position ratio targets and external regulatory or legal requirements.

20. Financial instruments and risk management (Continued)

Liquidity risk management (Continued)

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

At the reporting date, the Group held short term deposits of KD 8,549 thousand (2016: KD 15,498 thousand) and other liquid assets of KD 198,422 thousand (2016: KD 204,299 thousand) that are expected to readily generate cash inflows for managing liquidity risk. The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the discounted cash flows of financial liabilities as the impact of discounting is not material.

2017	Less than 1 year KD 000's	Between 1 and 2 years KD 000's	Between 2 and 5 years KD 000's	Over 5 years KD 000's	Total KD 000's	Weighted average effective interest rate %
Financial liabilities						
Trade and other payables	109,527	160,852	78,243	-	348,622	
Long term debt	83,637	36,908	28,631	5,678	154,854	5.5%
Other non-current liabilities	-	2,724	16,975	-	19,699	
	193,164	200,484	123,849	5,678	523,175	
Commitments and contingencies						
Acquisition of property and equipment	22,396	29,341	8,944	-	60,681	
Acquisition of mobile license in a subsidiary	-	-	-	48,215	48,215	
Operating leases	8,216	7,394	22,434	981	39,025	
Letters of credit and guarantee	14,852	989	988	-	16,829	
	45,464	37,724	32,366	49,196	164,750	

2016	Less than 1 year KD 000's	Between 1 and 2 years KD 000's	Between 2 and 5 years KD 000's	Over 5 years KD 000's	Total KD 000's	Weighted average effective interest rate %
Financial liabilities						
Trade and other payables	115,306	169,340	82,372	-	367,018	
Long term debt	71,870	50,212	85,834	-	207,916	5.6%
Other non-current liabilities	-	2,629	16,386	-	19,015	
	187,176	222,181	184,592	-	593,949	
Commitments and contingencies						
Acquisition of property and equipment	12,504	16,381	4,994	-	33,879	
Acquisition of mobile license in a subsidiary	-	-	-	48,795	48,795	
Operating leases	8,117	6,967	22,062	-	37,146	
Letters of credit and guarantee	4,944	62	33	-	5,039	
	25,565	23,410	27,089	48,795	124,859	

21. Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, systems failure or from external events. The Group has a set of policies and procedures, which are approved by the board of directors and are applied to identify, assess and supervise operational risk. The Group's management ensures compliance with policies and procedures and monitors operational risk as part of overall risk management.

22. 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 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).

	2017		
	Level 1	**Level 2**	**Total**
	KD 000's	**KD 000's**	**KD 000's**
Available for sale financial assets			
Listed equity securities	**-**	**-**	**-**
Unlisted equity securities	**-**	**4,695**	**4,695**
	-	**4,695**	**4,695**

	2016		
	Level 1	**Level 2**	**Total**
	KD 000's	**KD 000's**	**KD 000's**
Available for sale financial assets			
Listed equity securities	144	-	144
Unlisted equity securities	-	3,973	3,973
	144	3,973	4,117

22. Fair value of financial instruments (Continued)

There were no transfers between levels during the years ended 31 December 2017 and 31 December 2016.

Valuation techniques and assumptions for the purpose of measuring fair value

a) Listed securities

All listed equity securities are publicly traded on a recognised stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

b) Unlisted securities

Unlisted securities are measured at fair value using prices as per last market transaction.

23. Capital risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the Group performance in relation to its long range business plan and its long-term profitability objectives.

The Group's objectives for managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.