

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



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

National Mobile Telecommunications Company K.S.C.P. and Subsidiaries
Interim condensed consolidated financial information and independent auditors' review report
(Unaudited)



For the period from 1 January 2016 to 30 June 2016

Index	Page
Independent auditors' report on review of interim condensed consolidated financial information	1 – 2
Interim condensed consolidated statement of financial position (unaudited)	3
Interim condensed consolidated statement of profit or loss (unaudited)	4
Interim condensed consolidated statement of comprehensive income (unaudited)	5
Interim condensed consolidated statement of changes in equity (unaudited)	6
Interim condensed consolidated statement of cash flows (unaudited)	7
Notes to the interim condensed consolidated financial information (unaudited)	8 – 18



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

The Board of Directors

**National Mobile Telecommunications Company K.S.C.P.
State of Kuwait**

Introduction

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

Scope of Review

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

Conclusion

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

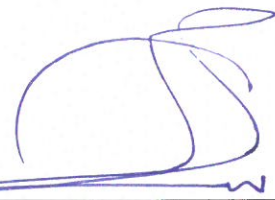
Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information (continued)

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records. We further report that to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 1 of 2016 and the Executive Regulations of Law No. 25 of 2012, as amended, or the Memorandum of Incorporation and Articles of Association of the Company during the six month period ended 30 June 2016 that might have had material effect on the Company's activities or on its financial position.



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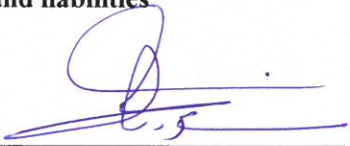
Kuwait: 25 July 2016



Interim condensed consolidated statement of financial position (Unaudited)

As at 30 June 2016

	Note	30 June 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 June 2015 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		632,789	660,803	675,725
Intangible assets and goodwill		445,902	453,205	499,319
Available for sale financial assets		6,248	6,438	6,480
Deferred tax asset		2,467	2,046	2,103
Other non-current assets		1,363	295	303
		<u>1,088,769</u>	<u>1,122,787</u>	<u>1,183,930</u>
Current assets				
Inventories		33,522	34,874	37,256
Trade and other receivables		162,078	135,465	168,956
Bank balances and cash	5	92,648	114,428	64,500
		<u>288,248</u>	<u>284,767</u>	<u>270,712</u>
Total assets		<u>1,377,017</u>	<u>1,407,554</u>	<u>1,454,642</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Reserves		14,973	50,666	72,411
Retained earnings		558,979	589,815	580,849
Equity attributable to shareholders of the Company		<u>620,757</u>	<u>687,286</u>	<u>700,065</u>
Non-controlling interests		102,050	102,607	113,553
Total equity		<u>722,807</u>	<u>789,893</u>	<u>813,618</u>
LIABILITIES				
Non-current liabilities				
Long term debts	6	143,728	126,775	74,600
Provision for staff indemnity		7,806	6,224	6,400
Other non-current liabilities		18,574	18,915	18,917
		<u>170,108</u>	<u>151,914</u>	<u>99,917</u>
Current liabilities				
Trade and other payables	7	361,835	355,628	409,181
Deferred income		47,767	42,422	36,231
Income tax payable		719	720	-
Long term debts	6	73,781	66,977	95,695
		<u>484,102</u>	<u>465,747</u>	<u>541,107</u>
Total liabilities		<u>654,210</u>	<u>617,661</u>	<u>641,024</u>
Total equity and liabilities		<u>1,377,017</u>	<u>1,407,554</u>	<u>1,454,642</u>


 Saud Bin Nasser Al Thani
 Chairman


 Chairman Office مكتب الرئيس

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

Interim condensed consolidated statement of profit or loss (Unaudited)*For the period from 1 January 2016 to 30 June 2016*

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2016	2015	2016	2015
		KD 000's (Unaudited)	KD 000's (Unaudited)	KD 000's (Unaudited)	KD 000's (Unaudited)
Revenue		175,564	184,773	350,844	359,087
Operating expenses		(73,643)	(74,762)	(150,018)	(146,014)
Selling, general and administrative expenses		(47,617)	(50,997)	(94,299)	(100,996)
Depreciation and amortisation		(35,614)	(35,462)	(71,083)	(71,251)
Finance costs – net	10	(4,253)	(1,840)	(6,850)	(4,051)
Impairment loss on available for sale financial assets		-	-	(134)	-
Other (expenses) / income – net	11	(189)	(2,251)	684	(13,203)
Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		14,248	19,461	29,144	23,572
Provision for Directors' remuneration		(180)	(271)	(360)	(422)
Provision for contribution to KFAS, NLST and Zakat	12	(566)	(467)	(1,114)	(605)
Profit before taxation		13,502	18,723	27,670	22,545
Taxation related to subsidiaries		(1,302)	(2,829)	(3,092)	(5,689)
Profit for the period		12,200	15,894	24,578	16,856
<i>Attributable to:</i>					
- Shareholders of the Company		9,068	12,601	19,280	14,842
- Non-controlling interests		3,132	3,293	5,298	2,014
		12,200	15,894	24,578	16,856
Basic and diluted earnings per share (fils)	9	18.09	25.14	38.47	29.62

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

Interim condensed consolidated statement of comprehensive income (Unaudited)*For the period from 1 January 2016 to 30 June 2016*

	Three month period ended 30 June		Six month period ended 30 June	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	12,200	15,894	24,578	16,856
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>				
Change in fair value of available for sale financial assets	-	-	(177)	(568)
Impairment loss on available for sale financial assets transferred to the interim condensed consolidated statement of profit or loss	-	-	134	-
Exchange differences transferred to the interim condensed consolidated statement of profit or loss	(2)	-	(2)	-
Exchange differences arising on translation of foreign operations and fair value reserves	(41,663)	3,083	(41,503)	(20,977)
Total other comprehensive (loss) / income for the period	(41,665)	3,083	(41,548)	(21,545)
Total comprehensive (loss) / income for the period	(29,465)	18,977	(16,970)	(4,689)
<i>Attributable to:</i>				
- Shareholders of the Company	(27,331)	15,573	(16,413)	(1,795)
- Non-controlling interests	(2,134)	3,404	(557)	(2,894)
	(29,465)	18,977	(16,970)	(4,689)

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



Interim condensed consolidated statement of changes in equity (Unaudited)

For the period from 1 January 2016 to 30 June 2016

	Reserves										Equity attributable to shareholders of the Company KD 000's	Non-controlling interests KD 000's	Total equity KD 000's
	Share capital KD 000's	Treasury shares KD 000's	Share premium KD 000's	Statutory reserve KD 000's	General reserve KD 000's	Gain on sale of treasury shares KD 000's	Fair value reserve KD 000's	Foreign currency translation reserve KD 000's	Other reserves KD 000's	Total reserves KD 000's			
Balance at 1 January 2016	50,403	(3,598)	66,634	32,200	120,717	6,914	(136)	(179,075)	3,412	50,666	687,286	102,607	789,893
Profit for the period	-	-	-	-	-	-	-	-	-	-	19,280	5,298	24,578
Other comprehensive loss for the period	-	-	-	-	-	-	(43)	(35,650)	-	(35,693)	(35,693)	(5,855)	(41,548)
Total comprehensive loss for the period	-	-	-	-	-	-	(43)	(35,650)	-	(35,693)	(16,413)	(557)	(16,970)
Dividend (note 8)	-	-	-	-	-	-	-	-	-	-	(50,116)	-	(50,116)
Balance at 30 June 2016	50,403	(3,598)	66,634	32,200	120,717	6,914	(179)	(214,725)	3,412	14,973	620,757	102,050	722,807
Balance at 1 January 2015	50,403	(3,598)	66,634	32,200	117,854	6,914	423	(138,389)	3,412	89,048	736,941	116,447	853,388
Profit for the period	-	-	-	-	-	-	-	-	-	-	14,842	2,014	16,856
Other comprehensive loss for the period	-	-	-	-	-	-	(568)	(16,069)	-	(16,637)	(16,637)	(4,908)	(21,545)
Total comprehensive loss for the period	-	-	-	-	-	-	(568)	(16,069)	-	(16,637)	(1,795)	(2,894)	(4,689)
Dividend (note 8)	-	-	-	-	-	-	-	-	-	-	(35,081)	-	(35,081)
Balance at 30 June 2015	50,403	(3,598)	66,634	32,200	117,854	6,914	(145)	(154,458)	3,412	72,411	700,065	113,553	813,618

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

Interim condensed consolidated statement of cash flows (Unaudited)

For the period from 1 January 2016 to 30 June 2016

		Six month period ended 30 June	
	Note	2016 KD 000's (Unaudited)	2015 KD 000's (Unaudited)
Cash flows from operating activities			
Net profit for the period		24,578	16,856
Adjustments for:			
Depreciation and amortisation		71,083	71,251
Dividend income	11	-	(1)
Finance income	10	(896)	(457)
Provision for impairment of receivables		2,839	4,065
Impairment loss on available for sale financial assets		134	-
Taxation relating to subsidiaries		3,092	5,689
Loss / (gain) on sale of property and equipment and intangible assets		13	(656)
Finance costs	10	7,746	4,508
Provision for KFAS, NLST and Zakat	12	1,114	605
Provision for staff indemnity		858	858
		<u>110,561</u>	<u>102,718</u>
<i>Changes in:</i>			
Trade and other receivables and other non-current assets		(24,767)	25,904
Inventories		1,737	(2,418)
Trade and other payables and other non-current liabilities		744	(42,237)
Cash generated from operations		<u>88,275</u>	<u>83,967</u>
Provision for staff indemnity paid		(120)	(79)
Net cash generated from operating activities		<u>88,155</u>	<u>83,888</u>
Cash flows from investing activities			
Decrease / (increase) in term deposits		42,621	(1,639)
Purchase of property and equipment		(48,375)	(67,040)
Proceeds from disposal of property and equipment		34	692
Purchase of intangible assets		(26,621)	(3,919)
Acquisition of subsidiary	18	(10,934)	-
Dividend income received		-	1
Finance income received		896	457
Net cash used in investing activities		<u>(42,379)</u>	<u>(71,448)</u>
Cash flows from financing activities			
Finance costs paid		(7,746)	(4,508)
Dividends paid		(48,992)	(34,474)
Dividends paid by subsidiary to non-controlling interest		(2,206)	(8,830)
Net increase in term debts		13,177	(3,908)
Net cash used in financing activities		<u>(45,767)</u>	<u>(51,720)</u>
Effect of foreign currency translation		<u>20,832</u>	<u>12,742</u>
Net change in cash and cash equivalents		<u>20,841</u>	<u>(26,538)</u>
Cash and cash equivalents at beginning of the period		59,782	82,357
Cash and cash equivalents at end of the period	5	<u>80,623</u>	<u>55,819</u>

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

1. INCORPORATION AND ACTIVITIES

National Mobile Telecommunications Company K.S.C.P. ("the Company") is a Kuwaiti shareholding company incorporated by Amiri Decree on 10 October 1997. The Company and its subsidiaries (together referred to as "the Group") are engaged in the following:

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

The Company operates in the State of Kuwait under a licence from the Ministry of Communications and also elsewhere through subsidiaries in the Middle East and North Africa (MENA) region and Maldives. The Company's shares were listed on the Kuwait Stock Exchange in July 1999 and commercial operations began in December 1999.

The Company is a subsidiary of Ooredoo International Investment LLC ("The Parent Company"), which in turn is a subsidiary of Ooredoo Q.S.C. ("the Ultimate Parent Company"), a Qatari shareholding company whose shares are listed on the Qatar Stock Exchange.

The address of the Company's registered office is Ooredoo Tower, Soor Street, Kuwait City, State of Kuwait, P.O.Box 613, Safat 13007, State of Kuwait.

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 25 July 2016.

The new Companies Law No.1 of 2016 ("the new law") issued on 24 January 2016 and published in the Official Gazette on 1 February 2016, cancelled Companies Law No. 25 of 2012, and its amendments. According to Article No. 5, the new law will be effective retrospectively from 26 November 2012, and that the Executive Regulations of the Companies Law No. 25 of 2012 will continue until a new set of Executive Regulations are listed.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the interim condensed consolidated financial information of the Group.

2. BASIS OF PREPARATION (CONTINUED)

This interim condensed consolidated financial information does not include all of the information required for full annual audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Standard issued but not yet effective

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

IFRS 16 Leases

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

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

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

4. JUDGEMENTS AND ESTIMATES

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

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2016 to 30 June 2016

5. BANK BALANCES AND CASH

	30 June 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 June 2015 KD 000's (Unaudited)
Bank balances and cash	62,313	57,262	54,070
Deposits	30,335	57,166	10,430
Bank balances and cash in the interim condensed consolidated statement of financial position	92,648	114,428	64,500
Less: Deposits with original maturities of three months or more	(12,025)	(54,646)	(8,681)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	80,623	59,782	55,819

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

Bank balances and cash include KD 48 thousand (31 December and 30 June 2015: KD 50 thousand and KD 32 thousand respectively) held as part of a managed portfolio.

Included in deposits with original maturities of three months or more is an amount of KD 16 thousand (31 December and 30 June 2015: KD 7 thousand) restricted in accordance with a subsidiary's syndicated loan agreement.

6. LONG TERM DEBTS

	30 June 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 June 2015 KD 000's (Unaudited)
Current portion			
Due to local banks	26,836	-	51,100
Due to local banks related to subsidiaries	44,222	63,063	42,962
Due to foreign banks	2,723	3,914	1,633
	73,781	66,977	95,695
Non-current portion			
Due to local banks related to subsidiaries	132,264	114,402	67,515
Due to foreign banks	11,464	12,373	7,085
	143,728	126,775	74,600

Long term debts amounting to KD 96,812 thousand (31 December and 30 June 2015: KD 127,522 thousand and KD 46,026 thousand respectively) are secured by pledges on Wataniya Telecom Algeria S.P.A.'s ("WTA") assets. In addition, WTA is subject to various obligations and financial covenants over the terms of those debts.

Long term debts amounting to KD 19,172 thousand (31 December and 30 June 2015: KD 20,922 thousand and KD 22,526 thousand respectively) are secured by Wataniya Palestine Mobile Telecom Limited's ("WPT") assets.

Notes to the interim condensed consolidated financial information (Unaudited)*For the period from 1 January 2016 to 30 June 2016***6. LONG TERM DEBTS (CONTINUED)**

Long term debts amounting to KD 26,836 thousand (31 December and 30 June 2015: nil and KD 51,100 thousand respectively) are secured by promissory notes signed by the Company as guarantee of the loan.

Long term debts amounting to KD 70,680 thousand (31 December and 30 June 2015: KD 41,396 thousand and KD 46,501 thousand respectively) are not secured by any pledge by Ooredoo Tunisie S.A., but the loan arrangements contain financial covenants to be tested on an annual basis.

Long term debts amounting to KD 3,384 thousand (31 December and 30 June 2015: KD 3,912 thousand and KD 4,142 thousand respectively) are secured by Ooredoo Maldives Private Limited) fixed deposits.

Long term debts amounting to KD 625 thousand are secured against Fast Telecommunication Company's assets.

7. TRADE AND OTHER PAYABLES

	30 June 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 June 2015 KD 000's (Unaudited)
Accruals	175,532	172,824	223,477
Trade payables	67,831	79,410	80,045
Amounts due to related parties (note 13)	56,908	41,611	45,784
Other tax payables	11,155	14,485	16,311
Staff payables	11,817	13,485	10,753
Dividends payable	9,269	10,320	6,022
Other payables	29,323	23,493	26,789
	361,835	355,628	409,181

8. DIVIDEND

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2016 to 30 June 2016

9. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three month period ended 30 June		Six month period ended 30 June	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	9,068	12,601	19,280	14,842
Number of shares outstanding:				
Weighted average number of paid up shares (thousands)	504,033	504,033	504,033	504,033
Weighted average number of treasury shares (thousands)	(2,871)	(2,871)	(2,871)	(2,871)
Weighted average number of outstanding shares (thousands)	501,162	501,162	501,162	501,162
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	18.09	25.14	38.47	29.62

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

10. FINANCE COSTS – NET

	Three month period ended 30 June		Six month period ended 30 June	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income	566	125	896	457
Finance costs	(4,819)	(1,965)	(7,746)	(4,508)
	(4,253)	(1,840)	(6,850)	(4,051)

11. OTHER (EXPENSES) / INCOME – NET

	Three month period ended 30 June		Six month period ended 30 June	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Dividend income	-	1	-	1
Exchange loss	(182)	(1,678)	(1,568)	(13,332)
Other operating (expense) / income	(7)	(574)	2,252	128
	(189)	(2,251)	684	(13,203)

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2016 to 30 June 2016

12. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 30 June		Six month period ended 30 June	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
KFAS	(100)	(70)	(206)	(95)
NLST	(329)	(284)	(642)	(364)
Zakat	(137)	(113)	(266)	(146)
	<u>(566)</u>	<u>(467)</u>	<u>(1,114)</u>	<u>(605)</u>

13. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, Ooredoo Q.S.C. and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and 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:

<i>Interim condensed consolidated statement of financial position</i>	30 June 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 June 2015 KD 000's (Unaudited)
<i>Shareholders and entities related to shareholders</i>			
Payable to Ooredoo Group L.L.C.	52,191	37,247	42,089
Payable to the Ultimate Parent Company	3,265	3,258	3,148
Payable to Ooredoo IP L.L.C.	1,452	1,106	547
	<u>56,908</u>	<u>41,611</u>	<u>45,784</u>

<i>Interim condensed consolidated statement of profit or loss</i>	Three months period ended 30 June		Six months period ended 30 June	
	2016	2015	2016	2015
	KD 000's	KD 000's	KD 000's	KD 000's
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Shareholders and entities related to shareholders</i>				
a) Management fees to Ooredoo Group L.L.C.	<u>4,212</u>	<u>4,476</u>	<u>8,483</u>	<u>8,728</u>
b) Brand license fees to Ooredoo IP L.L.C.	<u>575</u>	<u>282</u>	<u>1,175</u>	<u>550</u>
c) Key management compensation:				
Short term benefits	441	943	3,381	3,395
Termination benefits	43	17	313	393
	<u>484</u>	<u>960</u>	<u>3,694</u>	<u>3,788</u>

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2016 to 30 June 2016

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	Level 1 KD 000's	Level 2 KD 000's	Total KD 000's
30 June 2016 (Unaudited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	139	-	139
Unlisted equity securities	-	3,973	3,973
	<u>139</u>	<u>3,973</u>	<u>4,112</u>
31 December 2015 (Audited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	316	-	316
Unlisted equity securities	-	3,973	3,973
	<u>316</u>	<u>3,973</u>	<u>4,289</u>
30 June 2015 (Unaudited)			
<i>Available for sale financial assets:</i>			
Listed equity securities	331	-	331
Unlisted equity securities	-	3,973	3,973
	<u>331</u>	<u>3,973</u>	<u>4,304</u>

At the reporting date, unlisted equity investments with a carrying value of KD 2,136 thousand (31 December and 30 June 2015: KD 2,149 thousand and KD 2,176 thousand respectively) are carried at cost less impairment due to the non-availability of quoted market prices or other reliable measures of their fair value. Management believes that the carrying value of these equity investments approximates their fair value.

There are no transfers between levels during the periods/year ended 30 June 2016, 31 December 2015 and 30 June 2015.

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2016 to 30 June 2016

15. COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 June 2015 KD 000's (Unaudited)
Capital commitments			
For the acquisition of property and equipment	46,279	56,420	60,433
For the acquisition of Palestinian mobile license	48,225	48,455	48,269
	<u>94,504</u>	<u>104,875</u>	<u>108,702</u>

Operating lease commitments

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

Minimum operating lease commitments under these leases are as follows:

	30 June 2016 KD 000's (Unaudited)	31 December 2015 KD 000's (Audited)	30 June 2015 KD 000's (Unaudited)
Not later than one year	7,590	7,545	7,984
Later than one year but not later than five years	27,908	33,997	27,595
	<u>35,498</u>	<u>41,542</u>	<u>35,579</u>
Contingent liabilities			
Letters of guarantee	3,479	4,120	3,743
Letters of credit	3,021	3,405	3,406
	<u>6,500</u>	<u>7,525</u>	<u>7,149</u>

16. FINANCIAL RISK MANAGEMENT

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

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2016 to 30 June 2016

17. SEGMENTAL INFORMATION

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

	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Others KD 000's	Un-allocated KD 000's	Total KD 000's
Three month ended 30 June 2016						
(Unaudited)						
Segment revenues	50,220	35,680	76,000	13,664	-	175,564
Segment results	(260)	668	9,362	2,161	269	12,200
Three month ended 30 June 2015						
(Unaudited)						
Segment revenues	46,970	39,224	86,517	12,062	-	184,773
Segment results	1,541	5,901	8,449	971	(968)	15,894
Six month ended 30 June 2016						
(Unaudited)						
Segment revenues	100,232	69,513	152,914	28,185	-	350,844
Segment results	2,138	1,270	15,788	4,837	545	24,578
Six month ended 30 June 2015						
(Unaudited)						
Segment revenues	91,291	75,546	168,786	23,464	-	359,087
Segment results	4,518	8,623	3,468	710	(463)	16,856



17. SEGMENTAL INFORMATION (CONTINUED)

	Inside Kuwait KD 000's	Outside Kuwait			Un-allocated KD 000's	Total KD 000's
		Tunisia KD 000's	Algeria KD 000's	Others KD 000's		
As at 30 June 2016 (Unaudited)						
Segment assets	289,403	223,309	429,979	120,357	305,254	1,368,302
Investments and other assets	6,112	2,387	-	216	-	8,715
Total assets	<u>295,515</u>	<u>225,696</u>	<u>429,979</u>	<u>120,573</u>	<u>305,254</u>	<u>1,377,017</u>
As at 31 December 2015 (Audited)						
Segment assets	309,532	200,388	447,326	114,188	327,636	1,399,070
Investments and other assets	6,290	2,057	-	137	-	8,484
Total assets	<u>315,822</u>	<u>202,445</u>	<u>447,326</u>	<u>114,325</u>	<u>327,636</u>	<u>1,407,554</u>
As at 30 June 2015 (Unaudited)						
Segment assets	252,472	202,080	517,943	112,505	361,059	1,446,059
Investments and other assets	6,325	1,792	-	466	-	8,583
Total assets	<u>258,797</u>	<u>203,872</u>	<u>517,943</u>	<u>112,971</u>	<u>361,059</u>	<u>1,454,642</u>

Notes to the interim condensed consolidated financial information (Unaudited)*For the period from 1 January 2016 to 30 June 2016*

18. BUSINESS COMBINATION

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

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

From the date of acquisition, Fast Telco contributed revenues of KD 2,048 thousand and net loss of KD 290 thousand to the net results of the Group for the period ended 30 June 2016.