

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



**Interim condensed consolidated financial information and
Independent auditor's review report for the period
from 1 January 2020 to 31 March 2020
(Unaudited)**

Index	Page
Independent auditor's report on review of interim condensed consolidated financial information	1
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of profit or loss (unaudited)	3
Interim condensed consolidated statement of comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to the interim condensed consolidated financial information (unaudited)	7 – 17

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF NATIONAL MOBILE TELCOMMUNICATIONS COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Mobile Telecommunications Company K.S.C.P. ("the Parent Company") and subsidiaries (together referred to as "the Group") as at 31 March 2020, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violation of the Companies Law No. 1 of 2016 and its executive regulations, as amended or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2020 that might have had a material effect on the business of the Parent Company or on its financial position.



Talal Y. Al-Muzaini
Licence No. 209A
Deloitte & Touche
Al Wazzan & Co.

Kuwait
22 July 2020



Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2020

	Note	31 March 2020 KD 000's (Unaudited)	31 December 2019 KD 000's (Audited)	31 March 2019 KD 000's (Unaudited)
ASSETS				
Non-current assets				
Right-of-use asset		129,720	124,307	97,616
Property and equipment		492,623	502,329	507,680
Intangible assets and goodwill		317,783	315,708	309,671
Investment securities		2,088	2,088	2,653
Deferred tax assets		26,685	27,035	25,849
Deferred contract cost and contract assets		6,776	7,517	5,688
Other non-current assets		2,193	2,208	2,332
		<u>977,868</u>	<u>981,192</u>	<u>951,489</u>
Current assets				
Inventories		19,983	27,383	31,899
Deferred contract cost and contract assets		7,527	7,210	7,395
Trade and other receivables		167,257	163,834	165,259
Bank balances and cash	5	86,673	90,459	66,781
		<u>281,440</u>	<u>288,886</u>	<u>271,334</u>
Total assets		<u>1,259,308</u>	<u>1,270,078</u>	<u>1,222,823</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,403	50,403	50,403
Treasury shares		(3,598)	(3,598)	(3,598)
Foreign currency translation reserve		(288,758)	(293,437)	(308,598)
Other reserves	6	242,669	242,669	240,020
Retained earnings		552,465	575,921	557,823
Equity attributable to shareholders of the Company		<u>553,181</u>	<u>571,958</u>	<u>536,050</u>
Non-controlling interests		102,508	104,792	105,195
Total equity		<u>655,689</u>	<u>676,750</u>	<u>641,245</u>
LIABILITIES				
Non-current liabilities				
Long term debts	7	29,447	28,112	30,924
Provision for staff indemnity		11,862	11,916	11,055
Lease liabilities		116,010	110,708	82,542
Contract liabilities		859	955	927
Other non-current liabilities		16,034	15,491	16,053
		<u>174,212</u>	<u>167,182</u>	<u>141,501</u>
Current liabilities				
Lease liabilities		15,816	15,463	12,216
Trade and other payables	8	305,206	273,440	302,964
Deferred income		41,617	42,857	43,116
Income tax payable		9,523	12,412	9,164
Long term debts – current	7	54,457	78,356	69,171
Contract liabilities		2,788	3,618	3,446
		<u>429,407</u>	<u>426,146</u>	<u>440,077</u>
Total liabilities		<u>603,619</u>	<u>593,328</u>	<u>581,578</u>
Total equity and liabilities		<u>1,259,308</u>	<u>1,270,078</u>	<u>1,222,823</u>

Saud Bin Nasser Al Thani
Chairman



Chairman Officer
مكتوب 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 2020 to 31 March 2020*

	Note	Three month period ended 31 March	
		2020	2019
		KD 000's	KD 000's
		(Unaudited)	(Unaudited)
Revenue		155,836	154,217
Operating expenses		(66,725)	(62,788)
Selling, general and administrative expenses		(40,398)	(36,968)
Depreciation and amortisation		(38,249)	(34,794)
Finance costs – net	11	(2,057)	(2,580)
Other expenses – net	12	(692)	(1,286)
Profit before provision for Directors' remuneration, Taxation related to subsidiaries, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		7,715	15,801
Provision for Directors' remuneration		(161)	(160)
Provision for contribution to KFAS, NLST and Zakat	13	(211)	(403)
Profit before taxation		7,343	15,238
Taxation related to subsidiaries		(4,698)	(4,817)
Profit for the period		2,645	10,421
<i>Attributable to:</i>			
- Shareholders of the Company		1,724	8,809
- Non-controlling interests		921	1,612
		2,645	10,421
Basic and diluted earnings per share (fils)	10	3.44	17.58

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 2020 to 31 March 2020*

	Three month period ended 31 March	
	2020	2019
	KD 000's	KD 000's
	(Unaudited)	(Unaudited)
Profit for the period	2,645	10,421
Other comprehensive income		
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>		
Effect of net changes in fair value of equity instruments which are carried at fair value through other comprehensive income	-	1
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of profit or loss</i>		
Exchange differences arising on translation of foreign operations	5,290	351
Total other comprehensive income for the period	5,290	352
Total comprehensive income for the period	7,935	10,773
<i>Attributable to:</i>		
- Shareholders of the Company	6,403	9,404
- Non-controlling interests	1,532	1,369
	7,935	10,773

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 2020 to 31 March 2020

	Share capital KD 000's	Treasury shares KD 000's	Foreign currency translation reserve KD 000's	Other reserves KD 000's	Retained earnings KD 000's	Equity attributable to shareholders of the Company KD 000's	Non-controlling interests KD 000's	Total equity KD 000's
Balance at 1 January 2020	50,403	(3,598)	(293,437)	242,669	575,921	571,958	104,792	676,750
Comprehensive income								
Profit for the period	-	-	-	-	1,724	1,724	921	2,645
Other comprehensive income for the period	-	-	4,679	-	-	4,679	611	5,290
Total comprehensive income for the period	-	-	4,679	-	1,724	6,403	1,532	7,935
Transfer to employee association fund	-	-	-	-	(122)	(122)	(40)	(162)
Dividend (note 9)	-	-	-	-	(25,058)	(25,058)	-	(25,058)
Dividends paid by subsidiary	-	-	-	-	-	-	(3,776)	(3,776)
Balance at 31 March 2020	50,403	(3,598)	(288,758)	242,669	552,465	553,181	102,508	655,689
Balance at 1 January 2019	50,403	(3,598)	(309,192)	240,019	577,655	555,287	107,219	662,506
Impact on adoption of IFRS 16	-	-	-	-	(3,470)	(3,470)	(1,284)	(4,754)
Restated Balance at 1 January 2019	50,403	(3,598)	(309,192)	240,019	574,185	551,817	105,935	657,752
Comprehensive income								
Profit for the period	-	-	-	-	8,809	8,809	1,612	10,421
Other comprehensive income / (loss) for the period	-	-	594	1	-	595	(243)	352
Total comprehensive income / (loss) for the period	-	-	594	1	8,809	9,404	1,369	10,773
Transfer to employee association fund	-	-	-	-	(113)	(113)	(37)	(150)
Dividend (note 9)	-	-	-	-	(25,058)	(25,058)	-	(25,058)
Dividend paid by subsidiary	-	-	-	-	-	-	(2,072)	(2,072)
Balance at 31 March 2019	50,403	(3,598)	(308,598)	240,020	557,823	536,050	105,195	641,245

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

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

Interim condensed consolidated statement of cash flows (Unaudited)

For the period from 1 January 2020 to 31 March 2020

	Note	Three month period ended 31 March	
		2020	2019
		KD 000's (Unaudited)	KD 000's (Unaudited)
Cash flows from operating activities			
Profit before tax		7,343	15,238
Adjustments for:			
Depreciation and amortisation		38,249	34,794
Finance income	11	(914)	(354)
Expected credit loss on financial assets		4,500	2,523
Gain on sale of property and equipment and intangible assets		(25)	-
Finance costs	11	2,971	2,934
Provision for KFAS, NLST and Zakat	13	211	403
Provision for slow moving inventory		411	-
Provision for staff indemnity		454	443
		<u>53,200</u>	<u>55,981</u>
<i>Changes in:</i>			
Trade and other receivables; Deferred contract cost and contract assets; and other non-current assets		(7,617)	720
Inventories		7,002	(5,048)
Trade and other payables; contract liabilities and other non-current liabilities		<u>1,950</u>	<u>(4,395)</u>
Cash generated from operations		54,535	47,258
Payment of staff indemnity		(582)	(208)
Taxation paid		<u>(6,709)</u>	<u>(13,130)</u>
Net cash generated from operating activities		47,244	33,920
Cash flows from investing activities			
Decrease in term deposits		15,573	5,678
Purchase of property and equipment		(18,147)	(22,888)
Proceeds from disposal of property and equipment		38	2
Acquisition of intangible assets		(1,088)	(847)
Finance income received		<u>914</u>	<u>354</u>
Net cash used in from investing activities		(2,710)	(17,701)
Cash flows from financing activities			
Finance costs paid		(1,298)	(1,559)
Dividends paid		(106)	(154)
Dividends paid by subsidiary to non-controlling interest		(745)	(844)
Payment to employee association fund		(162)	(150)
Net decrease in term debts		(23,446)	(27,229)
Repayment of principal element of lease liability		(5,960)	(5,234)
Repayment of interest element of lease liability		<u>(1,308)</u>	<u>(1,059)</u>
Net cash used in financing activities		(33,025)	(36,229)
Effect of foreign currency translation		278	366
Net change in cash and cash equivalents		11,787	(19,644)
Cash and cash equivalents at beginning of the period		<u>60,416</u>	<u>77,176</u>
Cash and cash equivalents at end of the period	5	72,203	57,532

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2020 to 31 March 2020

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 under a licence from the Ministry of Communications, State of Kuwait and also elsewhere through subsidiaries in the Middle East and North Africa (MENA) region and Maldives. The Company’s shares are listed on the Boursa Kuwait.

The Company is a subsidiary of Ooredoo International Investment LLC (“The Parent Company”), which in turn is a subsidiary of Ooredoo Q.P.S.C. (“the Ultimate Parent Company”), 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.

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 22 July 2020.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the interim condensed consolidated financial information of the Group.

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

Operating results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the year ending 31 December 2020.

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 2019, 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 2020.

Amendments and/or annual improvements to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies, financial position or performance of the Group.

4. JUDGEMENTS AND 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 2019.

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating COVID-19, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the interim condensed consolidated financial information.

The impact of COVID-19 on the business of the Group is still evolving. However, the Group has been reassessing revenues, collections and relevant cash flows using revised assumptions and incorporating down side scenarios. The key areas where the Group has made impact assessment and their conclusions thereon on these interim condensed consolidated financial information are described below.

Impairment of non-financial assets

The Group performed a qualitative assessment for its investment in Cash Generating Units, including goodwill, by comparing the results for the three months period ended 31 March 2020 against the budget and industry benchmarks. On the basis of this comparison and other risk assessment procedures that it performed, management has concluded that no material adjustments are required in the value in use computations made as at 31 December 2019. Accordingly, the Group believes that there are no significant uncertainties around its property, plant and equipment, intangible assets and right-of-use assets and concluded that there is no material impact of COVID-19.

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2020 to 31 March 2020

4. JUDGEMENTS AND ESTIMATES (continued)

Expected credit losses

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 March 2020. The Group has updated the forward-looking information based on the best estimate and judgement of Group's assessment of the current economic climate of the respective market in which it operates, its impact on clients by various segments, the resultant significant increase in credit risk and re-estimated the expected credit losses as of 31 March 2020.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all currently available information about future risks and uncertainties. Projections were made covering the Group's future performance, capital and liquidity using revised estimates of cash flows. Though the impact of COVID-19 continues to evolve, the current projections indicate that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, these interim condensed consolidated financial information have been appropriately prepared on a going concern basis.

5. BANK BALANCES AND CASH

	31 March 2020 KD 000's (Unaudited)	31 December 2019 KD 000's (Audited)	31 March 2019 KD 000's (Unaudited)
Bank balances and cash	42,532	38,392	35,880
Deposits	44,154	52,088	30,919
Expected credit loss	(13)	(21)	(18)
Bank balances and cash in the interim condensed consolidated statement of financial position	86,673	90,459	66,781
Less: Deposits with original maturities of three months or more	(14,470)	(30,043)	(9,249)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	72,203	60,416	57,532

The effective interest rate on interest earning deposits ranged from 0.20% to 12.31% per annum (31 December 2019: 1.21% to 12.75% per annum and 31 March 2019: 1.43% to 12.72%).

6. OTHER RESERVES

	Share premium KD 000's	Statutory reserve KD 000's	General reserve KD 000's	Gain on sale of treasury shares KD 000's	Fair value reserve KD 000's	Other reserves KD 000's	Total reserves KD 000's
Balance at 1 January 2020	66,634	32,200	136,303	6,914	(2,794)	3,412	242,669
Other comprehensive income for the period	-	-	-	-	-	-	-
Balance at 31 March 2020	66,634	32,200	136,303	6,914	(2,794)	3,412	242,669
Balance at 1 January 2019	66,634	32,200	133,088	6,914	(2,229)	3,412	240,019
Other comprehensive income for the period	-	-	-	-	1	-	1
Balance at 31 March 2019	66,634	32,200	133,088	6,914	(2,228)	3,412	240,020

Notes to the interim condensed consolidated financial information (Unaudited)*For the period from 1 January 2020 to 31 March 2020***7. LONG TERM DEBTS**

	31 March 2020 KD 000's (Unaudited)	31 December 2019 KD 000's (Audited)	31 March 2019 KD 000's (Unaudited)
Current portion			
Due to local banks	14,000	36,000	36,500
Due to local banks related to subsidiaries	40,457	42,356	32,671
	<u>54,457</u>	<u>78,356</u>	<u>69,171</u>
Non-current portion			
Due to local banks related to subsidiaries	29,447	28,112	30,924
	<u>29,447</u>	<u>28,112</u>	<u>30,924</u>

Debts amounting to KD 22,254 thousand (31 December and 31 March 2019: KD 24,326 thousand and KD 16,305 thousand respectively) from banks in Algeria which are secured by fixed assets of Wataniya Telecom Algeria S.P.A. ("WTA"). These are subject to various obligations and financial covenants over the terms of those debts and denominated in Algerian Dinar.

Debts amounting to KD 7,252 thousand (31 December and 31 March 2019: KD 11,550 thousand and KD 15,206 thousand respectively) from banks in Palestine which are secured by fixed assets of Wataniya Palestine Mobile Telecom Limited ("WPT"). These are denominated in US Dollar.

Unsecured debts of the Company amounting to KD 14,000 thousand (31 December and 31 March 2019: KD 36,000 thousand and KD 36,500 thousand respectively) from banks in Kuwait which are subject to financial covenants over the terms of those debts. These are denominated in Kuwaiti Dinar.

Unsecured debts of Ooredoo Tunisie S.A. amounting to KD 26,181 thousand (31 December and 31 March 2019: KD 28,512 thousand and KD 27,109 thousand respectively) from banks in Tunisia which are subject to certain financial covenants to be complied on an annual basis. These are denominated in Tunisian Dinar.

Debts amounting to KD 14,217 thousand (31 December and 31 March 2019: KD 6,080 thousand and KD 4,975 thousand respectively) from banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited. These are denominated in US Dollar.

8. TRADE AND OTHER PAYABLES

	31 March 2020 KD 000's (Unaudited)	31 December 2019 KD 000's (Audited)	31 March 2019 KD 000's (Unaudited)
Accrued expenses	153,284	164,929	135,270
Trade payables	84,556	64,301	100,718
Other tax payables	9,011	9,497	9,626
Staff payables	7,286	10,339	7,418
Dividends payable	34,144	6,160	32,363
Other payables	16,925	18,214	17,569
	<u>305,206</u>	<u>273,440</u>	<u>302,964</u>

9. DIVIDEND

The Annual General Assembly of the Company held on 10 March 2020, approved the consolidated financial statements of the Group for the year ended 31 December 2019 and the payment of cash dividend of 50 fils per share amounting to KD 25,058 thousand for the year ended 31 December 2019 (2019: cash dividend of 50 fils per share amounting to KD 25,058 thousand for the year ended 31 December 2018) to the Company's equity shareholders existing as at 31 March 2020.

10. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three month period ended 31 March	
	2020 (Unaudited)	2019 (Unaudited)
Profit for the period attributable to shareholders of the Company (KD 000's)	1,724	8,809
Number of shares outstanding:		
Weighted average number of paid up shares (thousands)	504,033	504,033
Weighted average number of treasury shares (thousands)	(2,871)	(2,871)
Weighted average number of outstanding shares (thousands)	501,162	501,162
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	3.44	17.58

There are no potential dilutive shares as at 31 March 2020 (31 March 2019: nil).

11. FINANCE COSTS – NET

	Three month period ended 31 March	
	2020 KD 000's (Unaudited)	2019 KD 000's (Unaudited)
Finance income	914	354
Finance costs	(2,971)	(2,934)
	(2,057)	(2,580)

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2020 to 31 March 2020

12. OTHER EXPENSES – NET

	Three month period ended 31 March	
	2020 KD 000's (Unaudited)	2019 KD 000's (Unaudited)
Exchange loss	(287)	(105)
Other operating expense	(405)	(1,181)
	<u>(692)</u>	<u>(1,286)</u>

13. PROVISION FOR CONTRIBUTION TO KFAS, NLST AND ZAKAT

	Three month period ended 31 March	
	2020 KD 000's (Unaudited)	2019 KD 000's (Unaudited)
KFAS	(20)	(94)
NLST	(136)	(235)
Zakat	(55)	(74)
	<u>(211)</u>	<u>(403)</u>

14. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, Ooredoo Q.P.S.C. and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and its subsidiaries which are related parties to the Company have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties are as follows:

	31 March 2020 KD 000's (Unaudited)	31 December 2019 KD 000's (Audited)	31 March 2019 KD 000's (Unaudited)
a) Balances included in the interim condensed consolidated statement of financial position			
Payable to Ooredoo Group L.L.C.	15,001	11,547	27,257
Payable to Ooredoo IP L.L.C	2,266	1,254	5,358
Payable to Omani Qatari Telecommunications Company S.A.O.G.	-	6	1
Receivable from ultimate parent company	1,120	2,651	6,145
Receivable from Asiacell Communications PJSC	497	358	161
Receivable from PT. Indosat Tbk	11	11	-
Receivable from Omani Qatari Telecommunications Company S.A.O.G.	2	-	-

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2020 to 31 March 2020

14. RELATED PARTY TRANSACTIONS (continued)

	Three month period ended 31 March	
	2020	2019
	KD 000's (Unaudited)	KD 000's (Unaudited)
b) Transactions included in the interim condensed consolidated statement of profit or loss within revenue, operating expenses and selling, general and administrative expenses.		
<u>Revenue from:</u>		
Ultimate parent company	772	1,868
Asiacell Communications PJSC	157	41
Omani Qatari Telecommunications Company S.A.O.G.	2	2
<u>Operating expenses to:</u>		
Ultimate parent company	314	498
Ooredoo Group L.L.C.	12	387
Asiacell Communications PJSC	5	26
Ooredoo IP L.L.C.	-	13
Omani Qatari Telecommunications Company S.A.O.G	23	10
PT. Indosat Tbk	2	1
	Three month period ended 31 March	
	2020	2019
	KD 000's (Unaudited)	KD 000's (Unaudited)
Selling, general and administrative expenses to:		
a) Management fees to Ooredoo Group L.L.C.	3,351	3,342
b) Brand license fees to Ooredoo IP L.L.C.	961	957
c) Key management compensation:		
Short term benefits	1,911	1,740
Termination benefits	181	141
	2,092	1,881

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

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

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

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

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Notes to the interim condensed consolidated financial information (Unaudited)

For the period from 1 January 2020 to 31 March 2020

15. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- **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 2 KD 000's	Total KD 000's
31 March 2020 (Unaudited)		
<i>Investment Securities</i>		
Unlisted equity securities	2,088	2,088
	2,088	2,088
31 December 2019 (Audited)		
<i>Investment Securities</i>		
Unlisted equity securities	2,088	2,088
	2,088	2,088
31 March 2019 (Unaudited)		
<i>Investment Securities</i>		
Unlisted equity securities	2,653	2,653
	2,653	2,653

There were no transfers between levels during the periods ended 31 March 2020 (31 December 2019 and 31 March 2019: there are no transfers between levels).

16. CONTINGENCIES AND COMMITMENTS

	31 March 2020 KD 000's (Unaudited)	31 December 2019 KD 000's (Audited)	31 March 2019 KD 000's (Unaudited)
Capital commitments			
For the acquisition of property and equipment	51,330	44,374	54,430
For the acquisition of Palestinian mobile license	53,039	51,236	51,436
	104,369	95,610	105,866
	31 March 2020 KD 000's (Unaudited)	31 December 2019 KD 000's (Audited)	31 March 2019 KD 000's (Unaudited)
Contingent liabilities			
Letters of guarantee	4,599	3,681	2,537
Letters of credit	8,905	8,514	9,632
	13,504	12,195	12,169

16. CONTINGENCIES AND COMMITMENTS (continued)

Litigation and claims:

- A. Additional tax claims amounting to KD 14,467 thousand on Ooredoo Tunisie S.A. for assessment periods 1 January 2013 to 31 December 2017 from tax authorities in Tunisia. Management has responded to this notification and believes that the prospects of these claims being resolved in the Group's favour are good..
- B. Additional tax claims amounting to KD 977 thousand on Wataniya Telecom Algerie S.P.A. (WTA) for assessment periods 1 January 2013 to 31 December 2016 from tax authorities in Algeria.
- C. In October 2019, the Algerian Central Bank claimed an amount of KD 28,132 thousand in respect of certain alleged foreign currency violations by WTA. Currently, WTA's appeal against this claim is in the Court of Cassation.
- D. In October 2019, a third party vendor of WTA obtained an order from the Judicial Authorities of Algeria to block an amount of KD 2,404 thousand from WTA's bank account. WTA appealed to the Court against this.
- E. Claims against Ooredoo Maldives PLC amounting to KD 1,363 thousand from the First Instance Civil Court of Maldives citing breach of contract based on a civil case filed by a third party. Ooredoo Maldives PLC has appealed against this claim in the High Court of Maldives in January 2019. Management believes that the prospects of this claim being resolved in the Group's favor are good.
- F. A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the Ministry of Communications since 26 July 2011 was invalidated by the Kuwait Court of Cassation in April 2017. Accordingly, the Group has contingent assets in the form of recovery of excess regulatory tariff paid. The Group is currently estimating the recoverable amount which is subject to approval of the judicial authorities.

17. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2020 to 31 March 2020

18. SEGMENTAL INFORMATION

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

	Outside Kuwait						Total KD 000's
	Inside Kuwait KD 000's	Tunisia KD 000's	Algeria KD 000's	Maldives KD 000's	Others KD 000's	Un-allocated KD 000's	
Three months ended 31 March 2020 (Unaudited)							
Segment revenues – Point over Time	42,314	29,216	49,809	10,579	7,722	-	139,640
Segment revenues – Point in Time	12,800	2,924	132	191	149	-	16,196
Segment revenues	55,114	32,140	49,941	10,770	7,871	-	155,836
Segment results	(1,690)	2,486	148	3,166	83	(1,548)	2,645
Three months ended 31 March 2019 (Unaudited)							
Segment revenues – Point over Time	43,308	25,647	51,804	9,760	7,032	-	137,551
Segment revenues – Point in Time	12,757	1,790	1,893	220	6	-	16,666
Segment revenues	56,065	27,437	53,697	9,980	7,038	-	154,217
Segment results	3,349	1,193	4,826	3,207	(664)	(1,490)	10,421
As at 31 March 2020 (Unaudited)							
Segment assets	361,828	177,344	331,089	63,950	71,456	224,868	1,230,535
Investments and other assets	2,088	2,819	23,300	566	-	-	28,773
Total assets	363,916	180,163	354,389	64,516	71,456	224,868	1,259,308
As at 31 December 2019 (Audited)							
Segment assets	364,638	173,383	348,181	60,159	72,579	222,015	1,240,955
Investments and other assets	2,088	2,724	23,780	531	-	-	29,123
Total assets	366,726	176,107	371,961	60,690	72,579	222,015	1,270,078
As at 31 March 2019 (Unaudited)							
Segment assets	335,143	152,484	354,172	61,573	76,485	214,464	1,194,321
Investments and other assets	2,653	3,021	22,317	511	-	-	28,502
Total assets	337,796	155,505	376,489	62,084	76,485	214,464	1,222,823

19. COMPARATIVE FIGURES

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