

**Mobile Telecommunications Company K.S.C.P  
Kuwait**

**Condensed Consolidated Interim Financial Information (Unaudited)  
30 June 2020**

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**Mobile Telecommunications Company K.S.C.P.  
Kuwait**

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS

**Report on Review of Condensed Consolidated Interim Financial Information**

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Mobile Telecommunications Company K.S.C.P. (the "Company") and its subsidiaries (together called "the Group") as at 30 June 2020 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for three-month and six-month periods then ended and the related condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim 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 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.

*Basis of Qualified Conclusion*

As disclosed in note 2 to the condensed consolidated interim financial information, the Group has excluded the effects reported therein of applying International Accounting Standard (IAS) 29: Financial reporting in Hyperinflationary Economies with respect to its subsidiaries in the Republic of Sudan. It is not possible to determine with reasonable certainty the exact impact of applying hyperinflationary accounting for these subsidiaries as the Group has not performed the required calculations. In these circumstances, we are unable to quantify the effect of the departure from IAS 29.

*Qualified Conclusion*

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting.

*Emphasis of matter*

We draw attention to note 16 to the consolidated financial statements, which describes the uncertainty related to the outcome of a claim against the Group's subsidiary in Iraq. Our opinion is not modified in respect of this matter.

**Mobile Telecommunications Company K.S.C.P.  
Kuwait**

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS (Continued)

## **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of account of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any 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 during the six-month period ended 30 June 2020 that might have had a material effect on the business of the Company or on its financial position.



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

Kuwait  
15 July 2020

**Mobile Telecommunications Company K.S.C.P  
Kuwait**

**Condensed Consolidated Statement of Financial Position as at 30 June 2020 (Unaudited)**

	Note	Unaudited	Audited	Unaudited
		30 June 2020	31 December 2019	(Restated) 30 June 2019
<b>KD '000</b>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	3	375,157	296,985	336,297
Trade and other receivables		609,219	555,398	602,629
Contract assets		68,781	66,889	72,680
Inventories		52,824	48,513	43,330
Investment securities at FVTPL		7,854	8,540	8,655
Assets of disposal group classified as held for sale	4.a	6,350	17,611	13,557
		<u>1,120,185</u>	<u>993,936</u>	<u>1,077,148</u>
<b>Non-current assets</b>				
Contract assets		23,137	28,134	20,432
Investment securities at FVOCI		6,932	6,360	4,956
Investments in associates and joint venture	5	73,626	72,612	71,823
Other non-current assets		55,743	64,669	11,325
Right of use of assets		179,405	181,052	179,430
Property and equipment	6	1,241,592	1,229,291	1,166,911
Intangible assets and goodwill	7	2,199,535	2,160,039	2,169,009
		<u>3,779,970</u>	<u>3,742,157</u>	<u>3,623,886</u>
<b>Total Assets</b>		<u>4,900,155</u>	<u>4,736,093</u>	<u>4,701,034</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Trade and other payables		982,184	857,512	911,480
Deferred revenue		89,422	98,495	94,405
Income tax payables	8	61,276	61,775	55,889
Due to banks	9	244,740	180,274	449,068
Lease liabilities		38,659	42,795	44,690
Liabilities of disposal group classified as held for sale	4.b	1,247	5,397	4,214
		<u>1,417,528</u>	<u>1,246,248</u>	<u>1,559,746</u>
<b>Non-current liabilities</b>				
Due to banks	9	1,211,358	1,218,450	1,043,485
Lease liabilities		158,680	144,278	141,461
Other non-current liabilities	10	493,941	448,518	427,661
		<u>1,863,979</u>	<u>1,811,246</u>	<u>1,612,607</u>
<b>Equity</b>				
<b>Attributable to the Company's shareholders</b>				
Share capital	11	432,706	432,706	432,706
Share premium		1,707,164	1,707,164	1,707,164
Legal reserve		216,354	216,354	216,353
Foreign currency translation reserve		(1,381,833)	(1,371,841)	(1,365,687)
Investment fair valuation reserve		(1,030)	(1,088)	(1,279)
Other reserves		(5,453)	(3,044)	(3,359)
Retained earnings		259,436	318,509	199,061
		<u>1,227,344</u>	<u>1,298,760</u>	<u>1,184,959</u>
Non-controlling interests		391,304	379,839	343,722
<b>Total equity</b>		<u>1,618,648</u>	<u>1,678,599</u>	<u>1,528,681</u>
<b>Total Liabilities and Equity</b>		<u>4,900,155</u>	<u>4,736,093</u>	<u>4,701,034</u>

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

This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 15 July 2020.

  
**Ahmed Tahous Al Tahous**  
Chairman

  
**Bader Nasser Al Kharafi**  
Vice Chairman & Chief Executive Officer

**Condensed Consolidated Statement of Profit or Loss – 30 June 2020 (Unaudited)**

	Note	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
		KD'000		KD'000	
Revenue		378,091	406,636	787,371	811,127
Cost of sales		(92,176)	(103,940)	(202,284)	(222,950)
Operating and administrative expenses		(109,295)	(118,135)	(227,903)	(220,360)
Depreciation and amortization		(91,624)	(90,761)	(179,804)	(181,009)
Expected credit loss on financial assets (ECL)		(12,007)	(7,852)	(21,499)	(13,461)
Interest income		1,137	2,403	2,522	5,157
Investment income	12	(86)	962	9	772
Share of results of associates and joint venture	5	42	394	439	1,972
Other income		2,532	7,504	1,298	4,888
Gain on sale and lease back transaction	4	-	-	4,758	-
Finance costs		(23,250)	(28,372)	(49,298)	(56,602)
Loss from currency revaluation		(9,148)	(4,083)	(9,209)	(5,852)
Net monetary gain	18	3,243	835	3,475	4,075
<b>Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration</b>		<b>47,459</b>	<b>65,591</b>	<b>109,875</b>	<b>127,757</b>
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)		(341)	(520)	(836)	(979)
National Labour Support Tax (NLST) and Zakat		(1,439)	(1,827)	(3,578)	(3,457)
Income tax expenses and other levies		(5,578)	(4,817)	(9,673)	(9,031)
Board of Directors' remuneration		(127)	(105)	(255)	(210)
<b>Profit for the period</b>		<b>39,974</b>	<b>58,322</b>	<b>95,533</b>	<b>114,080</b>
<b>Attributable to:</b>					
Shareholders of the Company		36,143	50,205	83,720	97,291
Non-controlling interests		3,831	8,117	11,813	16,789
		<b>39,974</b>	<b>58,322</b>	<b>95,533</b>	<b>114,080</b>
<b>Earnings per share</b>	13				
Basic and diluted – Fils		8	12	19	22

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

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income –  
30 June 2020 (Unaudited)**

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KD'000</b>		<b>KD'000</b>	
<b>Profit for the period</b>	39,974	58,322	95,533	114,080
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(18,060)	411	(4,830)	1,292
Other reserves	(877)	(3,618)	(6,374)	(9,058)
	<u>(18,937)</u>	<u>(3,207)</u>	<u>(11,204)</u>	<u>(7,766)</u>
<i>Items that will not be reclassified to profit or loss:</i>				
Changes in the fair value of equity investments at FVOCI	53	(2,193)	58	(2,143)
Total comprehensive income for the period	<u>21,090</u>	<u>52,922</u>	<u>84,387</u>	<u>104,171</u>
Total comprehensive income/ (expense) attributable to:				
Shareholders of the Company	21,622	48,335	71,377	93,124
Non-controlling interests	(532)	4,587	13,010	11,047
	<u>21,090</u>	<u>52,922</u>	<u>84,387</u>	<u>104,171</u>

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

Condensed Consolidated Statement of Changes in Equity – Six months ended 30 June 2020 (Unaudited)

	Equity attributable to Company's shareholders								Total
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Other reserves	Retained earnings	Non - controlling interests	
Balance at 1 January 2020	432,706	1,707,164	216,354	(1,371,841)	(1,088)	(3,044)	318,509	379,839	1,678,599
Total comprehensive income for the period <i>Transactions with shareholders of the Company, recognized directly in equity</i>	-	-	-	(9,992)	58	(2,409)	83,720	13,010	84,387
Cash dividends (2019)	-	-	-	-	-	-	(142,793)	(1,545)	(144,338)
Balance at 30 June 2020	432,706	1,707,164	216,354	(1,381,833)	(1,030)	(5,453)	259,436	391,304	1,618,648
Balance at 31 December 2018	432,706	1,707,164	216,353	(1,367,018)	864	(4)	287,143	366,070	1,643,278
Transition adjustment on adoption of IFRS 16	-	-	-	-	-	-	(21,282)	(17,456)	(38,738)
Transition adjustment on adoption of IFRIC 23 (note 21)	-	-	-	-	-	-	(34,279)	(10,861)	(45,140)
Balance as at 1 January 2019 (restated)	432,706	1,707,164	216,353	(1,367,018)	864	(4)	231,582	337,753	1,559,400
Total comprehensive income for the period <i>Transactions with shareholders of the Company, recognized directly in equity</i>	-	-	-	1,331	(2,143)	(3,355)	97,291	11,047	104,171
Cash dividends (2018)	-	-	-	-	-	-	(129,812)	(5,078)	(134,890)
Balance at 30 June 2019 (restated)	432,706	1,707,164	216,353	(1,365,687)	(1,279)	(3,359)	199,061	343,722	1,528,681

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

**Condensed Consolidated Statement of Cash Flows – Six months ended 30 June 2020 (Unaudited)**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>KD'000</b>	
<b>Cash flows from operating activities</b>		
Profit for the period before income tax, KFAS, NLST and Zakat	109,620	127,547
Adjustments for:		
Depreciation and amortization	179,804	181,009
ECL on financial assets	21,499	13,461
Interest income	(2,522)	(5,157)
Investment income	(9)	(772)
Share of results of associates and joint venture	(439)	(1,972)
Finance costs	49,298	56,602
Gain on sale and lease back transaction	(4,758)	-
Loss from currency revaluation	9,209	5,852
Net monetary gain	(3,475)	(4,075)
(Gain)/ loss on sale of property and equipment	(49)	1,561
Operating profit before working capital changes	358,178	374,056
Increase in trade and other receivables and contract assets	(84,332)	(73,065)
(Increase)/ Decrease in inventories	(4,029)	2,641
Increase in trade and other payables	95,196	20,549
Cash generated from operations	365,013	324,181
Income tax paid	(17,125)	(9,022)
Paid to KFAS	(674)	(771)
National Labour Support Tax and Zakat paid	(10,374)	(2,068)
<i>Net cash from operating activities</i>	<u>336,840</u>	<u>312,320</u>
<b>Cash flows from investing activities</b>		
Deposits maturing after three months and cash at bank under lien (note 3)	3,312	(6)
Investments in securities	(961)	(274)
Proceeds from sale of investments	1,213	7,425
Investment in associate	(553)	-
Acquisition of property and equipment (net)	(105,763)	(106,609)
Acquisition of intangible assets (net)	(20,563)	(15,377)
Proceeds from sale of telecom assets (sale and lease back) (note 4)	19,485	-
Interest received	3,088	4,417
Dividend received	-	381
<i>Net cash used in investing activities</i>	<u>(100,742)</u>	<u>(110,043)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	123,204	134,258
Repayment of bank borrowings	(86,614)	(89,217)
Repayment of lease liabilities	(23,786)	(30,394)
Dividends paid to Company's shareholders	(132,157)	(127,535)
Dividends paid to minority shareholders of subsidiaries	(629)	(4,268)
Finance costs paid – due to banks	(35,025)	(61,271)
<i>Net cash used in financing activities</i>	<u>(155,007)</u>	<u>(178,427)</u>
Net increase in cash and cash equivalents	81,091	23,850
Effect of foreign currency translation	393	525
Cash and cash equivalents at beginning of period	281,902	304,236
<b>Cash and cash equivalents at end of period (note 3)</b>	<u><u>363,386</u></u>	<u><u>328,611</u></u>

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

**1. Incorporation and activities**

Mobile Telecommunications Company K.S.C.P (the "Company") is a Kuwaiti shareholding company incorporated in 1983. Its shares are traded on the Kuwait Stock Exchange. The registered office of the Company is at P. O. Box 22244, 13083 Safat, State of Kuwait.

The Company and its subsidiaries (the "Group") along with associates provide mobile telecommunication services in Kuwait and 8 other countries (31 December 2019 - Kuwait and 8 other countries; 30 June 2019 - Kuwait and 8 other countries) under licenses from the Governments of the countries in which they operate; purchase, deliver, install, manage and maintain mobile telephone and paging systems; and invest surplus funds in investment securities.

The Company is a subsidiary of Oman Telecommunications Company SAOG, Oman.

**2. Basis of preparation**

This condensed consolidated interim financial information is prepared in accordance with IAS 34: Interim Financial Reporting.

The economy of Republic of South Sudan became hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.

In 2015, the Group noted that the economy of the Republic of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when the Republic of Sudan went out of hyperinflation in 2016. The Republic of Sudan has been again declared as hyperinflationary in 2018. Based on the above matters, Group believes that there is no definitive basis to apply IAS 29 at this stage. However, Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 as of 30 June 2020.

This condensed consolidated interim financial information does not contain all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2020, including the impact of the matter stated above regarding application of IAS 29. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended 31 December 2019.

**Changes in accounting policy and disclosures**

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019. Certain amendments and interpretations apply for the first time in 2020, but do not have an impact on the condensed consolidated interim financial information of the Group.

*Financial support to associate and Group companies*

The Group has committed to provide working capital and other financial support to certain subsidiaries including Mobile Telecommunications Company Saudi Arabia ("SMTC"), Zain Jordan, Al Khatem and Zain South Sudan whose working capitals are in deficit. Based on business plans, the Group does not expect these conditions will have a material adverse impact on the operations of these Group companies.

**Notes to the Condensed Consolidated Interim Financial Information - 30 June 2020 (Unaudited)**

**3. Cash and bank balances**

Cash and bank balances include the following cash and cash equivalents:

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>KD '000</b>		
Cash on hand and at banks	238,708	132,576	149,187
Short-term deposits with banks	152,546	180,931	190,380
Government certificates of deposits held by subsidiaries	-	108	108
	<u>391,254</u>	<u>313,615</u>	<u>339,675</u>
Expected credit loss	(16,097)	(16,630)	(3,378)
	<u>375,157</u>	<u>296,985</u>	<u>336,297</u>
Cash at bank under lien	(11,771)	(14,975)	(7,578)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	-	(108)	(108)
Cash and cash equivalent in the condensed consolidated statements of cash flows	<u>363,386</u>	<u>281,902</u>	<u>328,611</u>

**4. Assets and liabilities of disposal group classified as held for sale**

- 4.a) In February 2020, the Company completed the sale and lease back of 1,022 telecom towers in Kuwait classified as held for sale for a total sale consideration of US\$ 82.012 million (KD 24.981 million). Total gain from this transaction was KD 4.758 million. The Company also assumed a 30% minority shareholding in the newly formed Tower Company.

Towers sold were leased back for a period of 10 years.

The sale and leaseback facilitates transfer of residual value risk and also provides flexibility in managing the asset ageing and Group's liquidity.

- 4.b) This represents the carrying value of remaining telecom tower assets amounting to KD 3.060 million (31 December 2019 – KD 7.656 million; 30 June 2019 – KD 7.656 million) and remaining right of use of assets amounting to KD 3.290 million (31 December 2019 – 9.955 million; 30 June 2019 – 5.901 million) and its related lease liabilities amounting to KD 1.247 million (31 December 2019 – 5.397 million; 30 June 2019 – 4.214 million), classified as held for sale. These are expected to be sold during 2021.

**5. Investments in associates and joint venture**

Investments in joint venture

This includes Group's KD 73.332 million (31 December 2019 - KD 72.593 million; 30 June 2019: KD 71.804 million) interest in the joint venture, Zain Al Ajial S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country).

**6. Property and equipment**

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>KD '000</b>		
Net fixed assets	1,124,972	1,115,014	1,050,375
Capital work in progress	116,620	114,277	116,536
	<u>1,241,592</u>	<u>1,229,291</u>	<u>1,166,911</u>

During the six-months period ended 30 June 2020, the Group acquired property and equipment amounting to KD 83.141 million (30 June 2019: KD 64.973 million). Depreciation charged for the period amounted to KD 105.308 million (30 June 2019: KD 99.362 million).

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2020 (Unaudited)

7. Intangible assets and goodwill

	Unaudited 30 June 2020	Audited 31 December 2019	Unaudited 30 June 2019
	KD '000		
Intangible assets	1,588,685	1,552,228	1,558,541
Goodwill	610,850	607,811	610,468
	<u>2,199,535</u>	<u>2,160,039</u>	<u>2,169,009</u>

During the six-months period ended 30 June 2020, the Group acquired intangible assets amounting to KD 68.393 million (30 June 2019: KD 53.417 million).

On 7 July 2020, the Government of Iraq decided to extend Atheer's license for an additional eight (8) years ending on August 30, 2030, and to grant license for the operation of fourth generation of broadband cellular network technology (4G) starting from 1 January 2021. Atheer is in discussion with the CMC to formalize the outcome of this decision including the license fee payable both for extension of the existing license and for the 4 G license.

8. Income tax payables

Income tax payables mainly includes current tax payables by Group's subsidiaries in Iraq and Jordan respectively.

Income tax assessment orders for the years 2004 to 2011 are contested and are currently under the consideration of Iraq General Commission for Taxes (IGCT). Income tax assessment for the period 2012 and 2013 are finalized and the amount paid by Atheer along with tax returns are treated as final assessment by the IGCT. During May 2020, Atheer received additional income tax claims of US\$ 68 million (KD 20.903 million) from IGCT for the years 2014 to 2018. Atheer agreed to pay the amount in 11 monthly instalments with interest. Management believes that they have adequate provisions for liabilities in respect of the assessments contested (refer note 16).

9. Due to banks

	Unaudited 30 June 2020	Audited 31 December 2019	Unaudited 30 June 2019
	KD '000		
<i>Company</i>			
Short term loans	112,220	80,580	98,806
Long term loans	680,764	598,535	644,500
	<u>792,984</u>	<u>679,115</u>	<u>743,306</u>
<i>SMTC</i>			
Long term loans	496,443	542,804	544,941
	<u>496,443</u>	<u>542,804</u>	<u>544,941</u>
<i>Zain Jordan</i>			
Short term loans	-	6,622	-
	<u>-</u>	<u>6,622</u>	<u>-</u>
<i>Atheer - Iraq</i>			
Long term loans	166,668	168,387	204,289
	<u>166,668</u>	<u>168,387</u>	<u>204,289</u>
<i>Others</i>			
Short term loans	-	1,786	-
Long term loans	3	10	17
	<u>3</u>	<u>1,796</u>	<u>17</u>
	<u>1,456,098</u>	<u>1,398,724</u>	<u>1,492,553</u>

**Notes to the Condensed Consolidated Interim Financial Information - 30 June 2020 (Unaudited)**

Reconciliation of movements of amounts due to banks to cash flows from financing activities:

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>KD '000</b>		
Opening balance	1,398,724	1,446,536	1,446,536
Proceeds from bank borrowings	123,204	540,727	134,258
Repayment of bank borrowings	(86,614)	(587,387)	(89,217)
Effect of change in foreign exchange rates	20,784	(1,152)	976
	<u>1,456,098</u>	<u>1,398,724</u>	<u>1,492,553</u>

The current and non-current amounts are as follows:

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>KD '000</b>		
Current liabilities	244,740	180,274	449,068
Non-current liabilities	1,211,358	1,218,450	1,043,485
	<u>1,456,098</u>	<u>1,398,724</u>	<u>1,492,553</u>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>KD '000</b>		
US dollar	984,186	891,013	1,189,313
Kuwaiti dinar	66,099	50,994	45,000
Saudi Riyals	405,810	448,302	258,223
Others	3	8,415	17
	<u>1,456,098</u>	<u>1,398,724</u>	<u>1,492,553</u>

The effective interest rate as at 30 June 2020 was 1.11% to 5.5% (31 December 2019 - 2.22% to 18%; 30 June 2019 – 2.22 % to 6.23 %) per annum.

The Group is compliant with the principal covenant ratios, which include:

- consolidated net borrowings to adjusted consolidated Earnings Before Interest Tax Depreciation and Amortisation (EBITDA);
- adjusted consolidated EBITDA to adjusted consolidated net interest payable;
- equity to total assets.

During the period, the Company has:

- drawn down loans amounting to KD 122.96 million. This includes:
  - US\$ 300 million (KD 92.22 million) from an existing US\$ 700 million revolving credit facility.
  - US\$ 100 million (KD 30.74 million) from an existing US\$ 100 million revolving credit facility.
- repaid loans amounting to KD 18.468 million. This includes:
  - US\$ 15.776 million (KD 4.850 million) of a long-term facility amounting to US\$ 200 million
  - US\$ 12.132 million (KD 3.729 million) of a long- term loan facility amounting to US\$ 200 million.
  - US\$ 10.80 million (KD 3.32 million) of a long- term loan facility amounting to US\$ 200 million.

The above facilities carry a floating interest rate of a fixed margin over three or six month London Inter Bank Offer Rate (LIBOR) or over Central Bank Discount rate.

**Notes to the Condensed Consolidated Interim Financial Information - 30 June 2020 (Unaudited)**

*SMTC*

Long-term loans include:

- SAR 4,463 million (KD 362.502 million) syndicated murabaha facility availed from a consortium of banks. In June 2018, SMTC refinanced and extended the maturity of the syndicated Murabaha facility that was maturing in 2018 to a SAR 5,900 million (KD 477.605 million) facility (consisting of SAR 4.25 billion and an US\$ portion totaling to SAR 1.705 billion) maturing in June 2023 which includes a working capital facility of SAR 647.30 million (KD 52.40 million) (consisting of SAR 462.4 million and an US\$ portion totaling to SAR 184.9 million) for two years that was extended in this quarter for additional one year. This working capital facility has not yet been utilized. As of second quarter 2020 SMTC has made four voluntary repayment amounting to SAR 2,100 million (KD 170.848 million).

The murabaha facility is secured partially by a guarantee from the Company and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables.

Under the murabaha financing agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement.

- SAR 2,250 million (KD 182.68 million) syndicated junior murabaha facility signed in June 2019 from a consortium of banks with a two year tenure with an option to extend for one more year. This facility was drawn-down in July 2019 to settle the existing SAR 2,269 million (KD 184.22 million) long-term commercial loan that matured. This facility is fully secured by a guarantee by the Company.

*Atheer*

Long-term loans include:

- (a) Term loan from a foreign commercial bank amounting to US\$ 100 million (KD 30.74 million) (31 December 2019: US\$ 100 million equivalent to KD 30.29 million; 30 June 2019: US\$ 100 million equivalent to KD 30.31) that is repayable by 17 December 2024.
- (b) Term loan from a foreign commercial bank amounting to US\$ 55 million (KD 16.907 million) (31 December 2019: US\$ 55 million equivalent to KD 16.66 million; 30 June 2019: US\$ 55 million equivalent to KD 16.671 million) which is repayable by 30 September 2020.
- (c) Term loan from a foreign commercial bank amounting to US\$ 50 million (KD 15.37 million) (31 December 2019: US\$ 50 million equivalent to KD 15.145 million; 30 June 2019: US\$ 50 million equivalent to KD 15.155 million) which is repayable by 30 September 2020.
- (d) Term loan from a foreign commercial bank amounting to US\$ 50 million (KD 15.37 million) (31 December 2019: US\$ 50 million equivalent to KD 15.145 million; 30 June 2019: US\$ 50 million equivalent to KD 15.155 million) which is repayable by 09 April 2021.
- (e) Term loan from a foreign financial institutions amounting to US\$ 137.185 million (KD 42.171 million) (31 December 2019: US\$ 150.917 million equivalent to KD 45.713 million; 30 June 2019: US\$ 269 million equivalent to KD 81.534 million) which is repayable by 31 May 2025.
- (f) Revolving credit facilities from foreign commercial bank amounting to US\$ 150 million (KD 46.11 million) (31 December 2019: US\$ 150 million equivalent to KD 45.435 million; 30 June 2019: US\$ 150 million equivalent to KD 45.465 million) that is repayable by 17 December 2022.

These facilities are guaranteed by the Company and carry a floating interest rate of a fixed margin over three month LIBOR.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2020 (Unaudited)

10. Other non-current liabilities

	Unaudited	Audited	Unaudited
	30 June 2020	31 December 2019	30 June 2019
	KD '000		
Payable to Ministry of Finance – Saudi Arabia (refer below)	282,890	289,580	267,969
Due to CITC for acquisition of spectrum	119,888	74,664	74,692
Customer deposits	3,482	3,763	5,168
Post-employment benefits	38,511	34,663	34,830
Others	49,170	45,848	45,002
	<u>493,941</u>	<u>448,518</u>	<u>427,661</u>

During 2013, SMTC signed an agreement with the Ministry of Finance – Kingdom of Saudi Arabia to defer payments that are due until 2021. These amounts will be repaid in seven installments starting June 2021. The current portion of these payables along with the accrued interest are recorded under trade and other payables.

11. Share capital

The authorized, issued and fully paid up share capital as of 30 June 2020 is 4,327,058,909 shares (31 December 2019 – 4,327,058,909; 30 June 2019 - 4,327,058,909) of 100 fils each.

Dividend

The annual general meeting of shareholders for the year ended 31 December 2019 held on 19 March 2020 (31 December 2018 - 20 March 2019) approved distribution of cash dividends of 33 fils (31 December 2018 - 30 fils) per share amounting to KD 142,792,944 (31 December 2018 - KD 129,812,000) to be paid to the registered shareholders, after obtaining necessary regulatory approvals.

12. Investment income

	Three months ended		Six months ended	
	30 June (Unaudited)		30 June (Unaudited)	
	2020	2019	2020	2019
	KD'000		KD'000	
Profit from investment securities at FVTPL	(86)	753	9	391
Dividend income	-	209	-	381
	<u>(86)</u>	<u>962</u>	<u>9</u>	<u>772</u>

13. Earnings per share

Basic and diluted earnings per share based on the weighted average number of shares outstanding during the period are as follows:

	Three months ended		Six months ended	
	30 June (Unaudited)		30 June (Unaudited)	
	2020	2019	2020	2019
	KD'000		KD'000	
Profit for the period attributable to shareholders	36,143	50,205	83,720	97,291
	Shares	Shares	Shares	Shares
Weighted average number of shares in issue outstanding during the period	4,327,058,909	4,327,058,909	4,327,058,909	4,327,058,909
	Fils	Fils	Fils	Fils
Earnings per share – basic and diluted	8	12	19	22

**14. Segmental information**

The Company and its subsidiaries operate in a single business segment, telecommunications and related services in Kuwait and other countries. This forms the basis of the geographical segments.

Based on the quantitative thresholds, the Group has identified its operations in Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

**Mobile Telecommunications Company K.S.C.P  
Kuwait**

**Notes to the Condensed Consolidated Interim Financial Information - 30 June 2020 (Unaudited)**

	30 June 2020						Total KD '000
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	
<b>Segment revenues - airtime &amp; data (Point over time)</b>	119,091	69,520	54,271	141,957	20,628	294,661	18,127
<b>Segment revenues - trading income (Point in time)</b>	33,543	2,477	410	544	4,976	27,108	58
<b>Net profit before interest and tax</b>	32,680	16,954	8,096	19,265	2,177	53,898	7,909
Interest income	586	238	142	449	90	802	71
Gain on sale and lease back transaction	4,758	-	-	-	-	-	-
Finance costs	(274)	(3,078)	(165)	(7,578)	(511)	(41,245)	(31)
Income tax expenses	-	(3,515)	(3,396)	(2,518)	-	-	(253)
<b>Unallocated items:</b>	37,750	10,599	4,677	9,618	1,756	13,455	7,696
Investment income							9
Share of results of associates and joint venture							439
Others (including unallocated interest income, income tax and finance costs)							9,534
<b>Profit for the period</b>							95,533
<b>Segment assets including allocated goodwill</b>	416,941	303,556	134,092	1,079,465	86,125	2,247,421	76,634
ROU assets	7,527	17,894	1,834	29,335	9,288	113,327	200
<b>Unallocated items:</b>							
Investment securities at FVTPL							7,854
Investment securities at FVOCI							6,932
Investment in associates and joint venture							73,626
Others							288,104
<b>Consolidated assets</b>							4,900,155
<b>Segment liabilities</b>	147,278	141,903	49,241	221,308	25,252	1,355,838	74,567
Lease liabilities (current and non-current)	13,787	18,468	1,679	32,989	9,437	120,805	174
Due to banks	-	-	-	166,668	-	496,443	3
<b>Unallocated items:</b>	161,065	160,371	50,920	420,965	34,689	1,973,086	74,744
Due to banks							792,984
Others							(387,317)
<b>Consolidated liabilities</b>							3,281,507
<b>Net consolidated assets</b>							1,618,648
Capital expenditure incurred during the period	8,205	2,245	13,505	3,544	134	117,597	5,855
Unallocated							449
<b>Total capital expenditure</b>							151,534
Depreciation of property and equipment and amortization of intangible assets	16,384	12,987	4,751	30,294	4,403	82,759	2,105
Amortization of ROU assets	2,996	1,826	141	3,310	1,738	14,422	93
Unallocated							1,595
<b>Total depreciation and amortization</b>							179,804

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2020 (Unaudited)

	30 June 2019						Total KD '000
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	
<b>Segment revenues – airtime &amp; data (Point over time)</b>	129,414	69,850	41,636	157,493	19,871	290,690	11,985
<b>Segment revenues - trading income (Point in time)</b>	35,803	2,749	288	843	4,721	45,769	15
<b>Net profit before interest and tax</b>	43,765	18,894	8,025	19,068	2,353	62,276	4,978
Interest income	116	224	529	570	85	1,122	183
Finance costs	(208)	(3,691)	(113)	(9,337)	(399)	(42,363)	(63)
Income tax expenses	-	(3,679)	(2,599)	(2,235)	-	-	(257)
<i>Unallocated items:</i>	43,673	11,748	5,842	8,066	2,039	21,035	4,841
Investment income							772
Share of results of associates and joint venture							1,972
Others (including unallocated interest income, income tax and finance costs)							14,092
<b>Profit for the period</b>							114,080
<b>Segment assets including allocated goodwill</b>	370,381	297,920	138,860	1,057,018	82,044	2,183,999	88,261
ROU assets	7,714	13,965	1,166	32,365	7,634	116,015	571
<i>Unallocated items:</i>							
Investment securities at FVTPL							8,655
Investment securities at FVOCI							4,956
Investment in associates and joint venture							71,823
Others							217,687
<b>Consolidated assets</b>							4,701,034
<b>Segment liabilities</b>	114,390	138,745	50,833	193,780	23,162	1,294,496	80,825
Lease liabilities (current and non-current)	6,737	14,024	1,260	34,891	8,201	120,408	630
Due to banks	-	-	-	204,289	-	544,942	16
<i>Unallocated items:</i>	121,127	152,769	52,093	432,960	31,363	1,959,846	81,471
Due to banks							743,306
Others							(402,582)
<b>Consolidated liabilities</b>							3,172,353
<b>Net consolidated assets</b>							1,528,681
Capital expenditure incurred during the period	14,016	2,473	1,500	11,482	153	87,185	81
Unallocated							1,500
<b>Total capital expenditure</b>							118,390
Depreciation of property and equipment and amortization of intangible assets	14,784	12,264	3,809	39,095	4,306	76,062	1,812
Amortization of ROU assets	3,659	1,623	104	3,547	1,713	16,584	469
Unallocated							1,178
<b>Total depreciation and amortization</b>							181,009

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2020 (Unaudited)

15. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

Transactions

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2020	2019	2020	2019
	KD'000		KD'000	
Revenue	616	46	1,508	65
Cost of sales	1,685	84	3,983	236

Key management compensation

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2020	2019	2020	2019
	KD'000		KD'000	
Salaries and other short term employee benefits	880	1,009	1,809	1,985
Post-employment benefits	308	497	1,004	956

Balances

	Unaudited	Audited	Unaudited
	30 June 2020	31 December 2019	30 June 2019
	KD '000		
Trade receivables	4,955	6,756	146
Trade payables	4,042	933	297

16. Commitments and contingencies

	Unaudited	Audited	Unaudited
	30 June 2020	31 December 2019	30 June 2019
	KD '000		
Capital expenditure	184,187	233,097	246,639
Uncalled share capital of investee companies	2,368	348	466
Letters of guarantee and credit	85,436	90,660	86,531

The Company is a guarantor for credit facilities amounting to KD 7.377 million (31 December 2019 - KD 7.269 million; 30 June 2019 - KD 7.274 million) granted by a bank to a founding shareholder in SMTC. The Company believes that the collaterals provided by the founding shareholder to the bank, covers the credit facilities.

*Income taxes in Iraq*

During the period 2012 to 2014, Atheer received additional income tax claims for the years 2004 to 2010 from Iraq General Commission for Taxes (IGCT). In November 2016, Atheer signed an agreement with Iraq's Ministry of Finance under which it obtained the right to submit its objection to these additional income tax claimed by the IGCT amounting to US\$ 244 million (KD 74.176 million) and submitted its objections against the tax claim objecting to the full amount of the claim. On 15 October 2019, the Appeals Committee of IGCT issued its decision to reduce the amount of claim to US\$ 109.75 million (KD 33.364 million). IGCT had the option to challenge this decision before the Court of Cassation within 15 days of Appeals Committee decision. The challenge period has elapsed and Atheer did not receive any notification from the Cassation Court or the IGCT about challenging the decision. Atheer has petitioned the Cassation Court to direct IGCT to send the case dossier and is awaiting a response. On the basis of the report of its attorneys, Atheer believes that the prospects of all the appeals being resolved in Atheer's favor are good.

**Notes to the Condensed Consolidated Interim Financial Information – 30 June 2020 (Unaudited)**

On 9 March 2020, Atheer received additional income tax claims of US\$ 23.8 million (KD 7.316 million) and US\$ 24.8 million (KD 7.624 million) from IGCT for the years 2011 and 2012 respectively. On 12 March 2020, Atheer submitted its objections to these additional income tax claims. On 15 March 2020, IGCT rejected the objection for year 2011. On 16 March 2020, IGCT accepted the objection for year 2012, cancelled its claim for additional tax of 24.8 million (KD 7.624 million) and approved the amount of tax self-assessed by Atheer for the year 2012 as final assessed amount. Atheer intends to appeal the additional tax claim for the year 2011 before the Appeals Committee of IGCT. Atheer believes that it has adequate provisions to meet this liability, if it arises.

*Pella - Jordan*

Pella is a defendant in lawsuits amounting to KD 34.228 million (31 December 2019 – KD 33.747 million; 30 June 2019 – KD 33.804 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella. Pella has initiated legal proceedings against a claim of KD 9.667 million (31 December 2019 - KD 9.527 million; 30 June 2019 - 9.533 million) by a regulatory authority for the years 2002 - 2005 on the grounds that it has already paid the amount that it was obligated to pay for those years. Based on the report of its attorneys, the Group expects the outcome to be favorable to Pella. Pella has also initiated legal proceedings against the regulatory authorities claiming refund of excess license fee paid amounting to KD 9.783 million (31 December 2019 - KD 9.641 million; 30 June 2019 – KD 9.648 million) of earlier years. The outcome of the above matter cannot be assessed at this stage, as it is dependent on several legal, regulatory and other technical aspects.

In addition, legal proceedings have been initiated by and against the Group in some jurisdictions. On the basis of information currently available and the advice of the legal advisors, Group management is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position or the consolidated performance of the Group.

**17. Financial instruments**

**17.1 Categories of financial assets and liabilities**

The carrying amounts of the Group's financial assets and liabilities as stated in the condensed consolidated statement of financial position are categorized as follows:

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>KD'000</b>		
<b>Amortised costs:</b>			
Cash and bank balances	375,157	296,985	336,297
Trade and other receivables	458,585	423,272	397,044
Other assets	-	-	973
<b>Investment securities -FVTPL</b>	7,854	8,540	8,655
<b>Investment securities - FVOCI</b>	6,932	6,360	4,956

All financial liabilities are categorized as 'other than at fair value through profit or loss'.

**17.2 Fair value hierarchy for financial instruments measured at fair value**

The following table presents the financial assets which are measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2020 (Unaudited)

30 June 2020

	Level 1	Level 2	Level 3	Total
	KD'000			
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	610	7,244	-	7,854
Investments securities at FVOCI	1,251	2,163	3,518	6,932
Total assets	1,861	9,407	3,518	14,786

31 December 2019

	Level 1	Level 2	Level 3	Total
	KD'000			
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	736	7,804	-	8,540
Investments securities at FVOCI	1,240	2,091	3,029	6,360
Total assets	1,976	9,895	3,029	14,900

30 June 2019

	Level 1	Level 2	Level 3	Total
	KD'000			
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	782	7,873	-	8,655
Investments securities at FVOCI	1,035	890	3,031	4,956
Total assets	1,817	8,763	3,031	13,611

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous year.

18. Hyperinflation – Zain South Sudan

Net monetary gain

The Republic of South Sudan economy had become hyperinflationary in 2016. Accordingly the results, cash flows and financial position of the Group's subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The effect on the net monetary position is included in the Condensed Consolidated Statement of Profit or Loss as 'net monetary gain'.

The general price indices used in adjusting the results, cash flows and the financial position of Zain South Sudan set out below is based on the Consumer Price Index (CPI) published by South Sudan Bureau for Statistics.

	Index	Conversion factor
30 June 2020	15,472	1
31 December 2019	10,657	1.45
31 December 2018	6,306	2.45
31 December 2017	4,502	3.44
31 December 2016	2,068	7.48
31 December 2015	357	43.36
31 December 2014	170	91.00
31 December 2013	155	100.00

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2020 (Unaudited)

19. Derivative financial instruments

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period-end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

At 30 June 2020:

Derivatives held for hedging:

Cash flow hedges

Profit rate swaps

Notional amounts by term to maturity		
Positive fair value	Negative fair value	Notional amount
		KD '000

-	16,883	244,598
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At 31 December 2019:

Derivatives held for hedging:

Cash flow hedges

Profit rate swaps

Notional amounts by term to maturity		
Positive fair value	Negative fair value	Notional amount
		KD '000

-	10,350	241,142
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At 30 June 2019:

Derivatives held for hedging:

Cash flow hedges

Profit rate swaps

Notional amounts by term to maturity		
Positive fair value	Negative fair value	Notional amount
		KD '000

-	10,806	241,108
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20. IMPACT OF COVID-19

The outbreak of the novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. The Group is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the potential business disruption of the COVID-19 outbreak.

In light of 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 condensed consolidated interim financial information. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the condensed consolidated interim financial information:

Impairment of non-financial assets

The Group has performed a qualitative assessment for its investment in CGUs, considering the minimal impact of COVID-19 on entities operating in the telecommunication sector, and compared the actual results for the period against the budget and industry benchmarks to conclude the impairment assessment as at 31 December 2019 remains largely unchanged.

The Group has also considered any impairment indicators arising and any significant uncertainties around its property, plant and equipment, intangible assets and right-of-use assets especially arising from any change in lease terms and concluded there is no material impact due to COVID-19.

Expected Credit Losses ("ECL") and impairment of financial assets

The Group has applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates. The Group has also assessed the exposures in potentially affected sectors for any indicators of impairment and concluded there is no material impact on account of COVID-19.

Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, this condensed consolidated interim financial information has been appropriately prepared on a going concern basis.

**21. Comparatives**

Certain comparative figures have been reclassified to conform to current period presentation. Such reclassifications do not affect previously reported net profit or shareholders' equity.

Impact of adoption of IFRIC 23 - Uncertainty over Income Tax Treatments

The Group applied IFRIC 23: 'Uncertainty over Income Tax Treatments' using the modified retrospective method in December 2019. Accordingly, the management determined an additional tax liability of KD 45.140 million for the years 2011 to 2018 which was adjusted to opening retained earnings as on 1st January 2019.

Accordingly the incomes tax payables, opening retained earnings and minority interest in the comparative period ended 30 June 2019 have been restated by KD 45.140 million, KD 34.279 million and KD 10.861 million respectively.