

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

**Condensed Consolidated Interim Financial Information (Unaudited)  
30 June 2022**

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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 2022 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the 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 interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this 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 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 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 of the interim financial information, which describes uncertainty related to the outcome of the ongoing litigation between the Group's subsidiary in Jordan and the Jordan's Telecommunications Regulatory Commission. Our conclusion is not modified in respect of this matter.

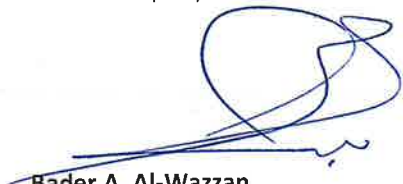
**Mobile Telecommunications Company K.S.C.P.  
Kuwait**

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

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

Furthermore, based on our review, the interim financial information is in agreement with the books of account of the Company. We further report that, nothing has come to our attention that causes us to believe that there is 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 2022 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our review, nothing has come to our attention that causes us to believe that there is any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2022 that might have had a material effect on the business of the Company or on its financial position.



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

Kuwait  
17 July 2022

Condensed Consolidated Statement of Financial Position as at 30 June 2022 (Unaudited)

	Note	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021
<b>KD '000</b>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	3	205,037	231,884	281,281
Trade and other receivables		751,376	687,334	619,308
Contract assets		68,573	60,756	60,133
Inventories		48,624	59,218	44,671
Investment securities at FVTPL		31,203	28,423	10,642
Assets of disposal group classified as held for sale	4.1	200,747	4,906	6,781
		<u>1,305,560</u>	<u>1,072,521</u>	<u>1,022,816</u>
<b>Non-current assets</b>				
Contract assets		52,796	42,857	40,784
Investment securities at FVOCI		21,597	18,165	16,961
Investments in associates and joint venture	5	81,111	78,602	76,733
Other non-current assets		40,180	57,673	53,354
Right of use of assets		93,908	163,745	169,864
Property and equipment	6	1,063,290	1,217,268	1,167,046
Intangible assets and goodwill	7	2,147,529	2,147,811	2,184,409
		<u>3,500,411</u>	<u>3,726,121</u>	<u>3,709,151</u>
<b>Total Assets</b>		<u>4,805,971</u>	<u>4,798,642</u>	<u>4,731,967</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Trade and other payables		915,397	938,352	902,666
Deferred revenue		87,570	90,853	78,418
Income tax payables	8	17,391	23,900	17,860
Due to banks	9	242,506	406,217	288,772
Lease liabilities		17,619	33,599	35,142
Liabilities of disposal group classified as held for sale	4.1	84,843	625	1,232
		<u>1,365,326</u>	<u>1,493,546</u>	<u>1,324,090</u>
<b>Non-current liabilities</b>				
Due to banks	9	1,133,337	899,343	1,044,927
Lease liabilities		87,479	148,708	153,879
Other non-current liabilities	10	384,128	445,029	439,401
		<u>1,604,944</u>	<u>1,493,080</u>	<u>1,638,207</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	216,354
Foreign currency translation reserve		(1,504,302)	(1,499,458)	(1,493,864)
Investment fair valuation reserve		(4,608)	(4,620)	(3,796)
Other reserves		2,362	(2,492)	(4,766)
Retained earnings		337,924	339,781	303,158
		<u>1,187,600</u>	<u>1,189,435</u>	<u>1,156,956</u>
Non-controlling interests		648,101	622,581	612,714
<b>Total equity</b>		<u>1,835,701</u>	<u>1,812,016</u>	<u>1,769,670</u>
<b>Total Liabilities and Equity</b>		<u>4,805,971</u>	<u>4,798,642</u>	<u>4,731,967</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 17 July 2022.

  
Ahmed Tahous Al Tahous  
Chairman

  
Bader Nasser Al Kharafi  
Vice Chairman & Chief Executive Officer

Condensed Consolidated Statement of Profit or Loss – 30 June 2022 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		(Restated)		(Restated)	
		KD'000		KD'000	
<b>Continuing operations</b>					
Revenue		421,063	368,634	828,666	750,391
Cost of sales		(142,136)	(102,917)	(277,681)	(221,303)
Operating and administrative expenses		(107,918)	(109,983)	(219,790)	(210,207)
Depreciation and amortization		(84,981)	(88,590)	(167,822)	(175,491)
Expected credit loss on financial assets (ECL)		(4,610)	(3,442)	(11,224)	(8,475)
Interest income		885	497	1,699	1,649
Investment income	12	1,292	390	2,638	526
Share of results of associates and joint venture	5	815	416	2,393	650
Other (expense)/ income		(2,029)	4,962	(3,201)	9,943
Gain on sale and lease back transaction	4.1	-	629	-	629
Finance costs		(19,217)	(17,337)	(35,301)	(33,477)
(Loss)/ gain from currency revaluation		(542)	(2,269)	2,192	(7,529)
Net monetary gain/ (loss)	18	-	734	-	(630)
<b>Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration</b>		<b>62,622</b>	<b>51,724</b>	<b>122,569</b>	<b>106,676</b>
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)		(519)	(424)	(1,009)	(901)
National Labour Support Tax (NLST) and Zakat		(1,524)	(1,431)	(3,455)	(3,056)
Income tax expenses and other levies		(2,686)	(5,086)	(8,174)	(9,919)
Board of Directors' remuneration		(109)	(109)	(218)	(218)
<b>Profit for the period from continuing operations</b>		<b>57,784</b>	<b>44,674</b>	<b>109,713</b>	<b>92,582</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	4.2	-	103	-	207
<b>Profit for the period</b>		<b>57,784</b>	<b>44,777</b>	<b>109,713</b>	<b>92,789</b>
<b>Attributable to:</b>					
Shareholders of the Company		50,407	41,384	97,628	85,922
Non-controlling interests		7,377	3,393	12,085	6,867
		<b>57,784</b>	<b>44,777</b>	<b>109,713</b>	<b>92,789</b>
<b>Earnings per share</b>					
Basic and diluted – Fils	13				
From continuing and discontinued operations		12	10	23	20

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 2022 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	KD'000		KD'000	
<b>Profit for the period</b>	57,784	44,777	109,713	92,789
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	9,392	(7,056)	2,545	(107,858)
Other reserves	3,576	(663)	13,103	1,564
	<u>12,968</u>	<u>(7,719)</u>	<u>15,648</u>	<u>(106,294)</u>
<i>Items that will not be reclassified to profit or loss:</i>				
Changes in the fair value of equity investments at FVOCI	(897)	(15)	49	170
Total comprehensive income for the period	<u>69,855</u>	<u>37,043</u>	<u>125,410</u>	<u>(13,335)</u>
Total comprehensive income attributable to:				
Shareholders of the Company	55,071	36,696	97,687	(16,536)
Non-controlling interests	14,784	347	27,723	3,201
	<u>69,855</u>	<u>37,043</u>	<u>125,410</u>	<u>(13,335)</u>

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

Mobile Telecommunications Company K.S.C.P  
Kuwait

Condensed Consolidated Statement of Changes in Equity – Six months ended 30 June 2022 (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	
	KD '000								
Balance at 1 January 2022	432,706	1,707,164	216,354	(1,499,458)	(4,620)	(2,492)	339,781	622,581	1,812,016
Profit for the period	-	-	-	-	-	-	97,628	12,085	109,713
Transfer of investment revaluation reserve upon disposal of FVOCI investments	-	-	-	-	(37)	-	37	-	-
Other comprehensive income for the period	-	-	-	(4,844)	49	4,854	-	15,638	15,697
Total comprehensive income for the period	-	-	-	(4,844)	12	4,854	97,665	27,723	125,410
<i>Transactions with shareholders of the Company, recognized directly in equity:</i>									
Cash dividends (2021) (note 11)	-	-	-	-	-	-	(99,522)	(2,203)	(101,725)
Balance at 30 June 2022	432,706	1,707,164	216,354	(1,504,302)	(4,608)	2,362	337,924	648,101	1,835,701
Balance as at 1 January 2021	432,706	1,707,164	216,354	(1,390,619)	(3,966)	(5,383)	359,180	619,108	1,934,544
Profit for the period	-	-	-	-	-	-	85,922	6,867	92,789
Other comprehensive income for the period	-	-	-	(103,245)	170	617	-	(3,666)	(106,124)
Total comprehensive income for the period	-	-	-	(103,245)	170	617	85,922	3,201	(13,335)
<i>Transactions with shareholders of the Company, recognized directly in equity:</i>									
Effect of change in ownership percentage of subsidiaries (note 2)	-	-	-	-	-	-	849	(5,905)	(5,056)
Cash dividends (2020) (note 11)	-	-	-	-	-	-	(142,793)	(3,690)	(146,483)
Balance at 30 June 2021	432,706	1,707,164	216,354	(1,493,864)	(3,796)	(4,766)	303,158	612,714	1,769,670

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 2022 (Unaudited)**

	Six months ended 30 June	
	2022	2021
	KD'000	
<b>Cash flows from operating activities</b>		
Profit for the period before income tax, KFAS, NLST and Zakat	122,351	106,665
Adjustments for:		
Depreciation and amortization	167,822	175,284
ECL on financial assets	11,224	8,475
Interest income	(1,699)	(1,649)
Investment income (note 12)	(2,638)	(526)
Share of results of associates and joint venture	(2,393)	(650)
Finance costs	35,301	33,477
Gain on sale and lease back transaction	-	(629)
(Gain)/ loss from currency revaluation	(2,192)	7,529
Net monetary loss	-	630
(Gain)/ loss on sale of property and equipment	(198)	89
Operating profit before working capital changes	327,578	328,695
Increase in trade and other receivables and contract assets	(80,850)	(63,955)
Decrease in inventories	10,874	4,509
Decrease in trade and other payables	(59,821)	(78,244)
Cash generated from operations	197,781	191,005
Income tax paid	(8,104)	(13,787)
Paid to KFAS	(4,902)	-
National Labour Support Tax and Zakat paid	(2,503)	(5,908)
<i>Net cash from operating activities</i>	<u>182,272</u>	<u>171,310</u>
<b>Cash flows from investing activities</b>		
Deposits maturing after three months and cash at bank under lien (note 3)	(3,381)	29,127
Investments in securities	(3,459)	(516)
Proceeds from sale of investments	407	187
Investment in subsidiaries	-	(5,037)
Investment in joint venture	(115)	-
Acquisition of property and equipment (net)	(73,299)	(93,934)
Acquisition of intangible assets (net)	(28,172)	(116,323)
Proceeds from sale of telecom assets (sale and lease back - note 4.1)	-	1,088
Interest received	989	1,294
Dividend received	231	-
<i>Net cash used in investing activities</i>	<u>(106,799)</u>	<u>(184,114)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings (note 9)	316,663	371,165
Repayment of bank borrowings (note 9)	(265,543)	(224,096)
Repayment of lease liabilities	(28,442)	(25,449)
Dividends paid to Company's shareholders	(98,982)	(140,245)
Dividends paid to minority shareholders of subsidiaries	(2,215)	(650)
Finance costs paid – due to banks	(23,483)	(25,900)
<i>Net cash used in financing activities</i>	<u>(102,002)</u>	<u>(45,175)</u>
Net decrease in cash and cash equivalents	(26,529)	(57,979)
Effect of foreign currency translation	(3,699)	(24,673)
Cash and cash equivalents at beginning of period	229,716	363,566
<b>Cash and cash equivalents at end of period (note 3)</b>	<u>199,488</u>	<u>280,914</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 7 other countries (31 December 2021 - Kuwait and 7 other countries; 30 June 2021 - Kuwait and 7 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 2022.

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 2022, 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 2021.

**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 2021. Certain amendments and interpretations apply for the first time in 2022, but do not have an impact on the condensed consolidated interim financial information of the Group.

**Significant judgments and estimates**

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2021.

**New and amended IFRS Standards that are effective for the current year**

The Group has applied the certain new and revised IFRS Standards that have been issued and effective during the current period. The application of these amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

**Financial support to 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 (Pella) and Al Khatem (Atheer) 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.

**Acquisition of additional shares in a subsidiary**

In January 2021, the Company purchased additional shares representing 9.6% of share capital of Zain Bahrain B.S.C ("MTCB"), increasing Group's effective holding in MTCB to 65%. The difference between the consideration transferred and the carrying amount of MTCB's net assets attributable to the additional interest acquired, was transferred to the retained earnings.

**3. Cash and bank balances**

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

	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021
	KD '000		
Cash on hand and at banks	192,358	200,401	275,561
Short-term deposits with banks	29,198	47,919	23,035
Government certificates of deposits held by subsidiaries	8	11	11
	221,564	248,331	298,607
Expected credit loss	(16,527)	(16,447)	(17,326)
	205,037	231,884	281,281
Cash at bank under lien	(5,541)	(2,157)	(356)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(8)	(11)	(11)
Cash and cash equivalent in the condensed consolidated statements of cash flows	199,488	229,716	280,914

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

**4.1. Assets and liabilities of disposal group classified as held for sale – Kuwait and KSA**

Assets and liabilities of disposal group classified as held for sale represents telecom tower assets in Kuwait and KSA classified as held for sale, on the basis of a plan to sale and lease back those assets.

During the period, SMTC has received board of directors' approval on the final offers (the "Final Offers") from the Public Investment Fund (PIF), HRH Prince Saud Bin Fahad, and Sultan Holding Company after completing the due diligence and internal approvals of all parties. The approved final offers were to acquire stakes in Zain KSA's towers infrastructure comprising of 8,069 towers, valuing these assets at USD 807 million (KD 245 million). Pursuant to the Final Offers SMTC will own 20% stake in newly formed Tower Company. PIF's Final Offer also includes a call option that will grant PIF the right to buy the remaining 20% stake from Zain KSA for a certain amount. Under the terms of the offers, Zain KSA will sell its passive, physical towers infrastructure and retain all other wireless communication antennas, software, technology, and intellectual property (IPs).

**Notes to the Condensed Consolidated Interim Financial Information - 30 June 2022 (Unaudited)**

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

During the year 2020 and 2021 the Company completed the sale and lease back of 1,355 telecom towers in Kuwait.

The carrying value of disposal group held for sale comprises of remaining telecom tower assets and remaining right of use of assets and its related lease liabilities classified as held for sale in Kuwait and KSA as follows.

	KD'000				
	Kuwait	KSA	Total		
			30 June 2022	31 December 2021	30 June 2021
Telecom tower assets	1,631	111,462	113,093	1,631	2,303
Right of use of assets	4,767	82,887	87,654	3,275	4,478
	<u>6,398</u>	<u>194,349</u>	<u>200,747</u>	<u>4,906</u>	<u>6,781</u>
Lease liabilities	<u>1,585</u>	<u>83,258</u>	<u>84,843</u>	<u>625</u>	<u>1,232</u>

These are expected to be sold during the year 2022.

**4.2 Discontinued operations – Jordan**

On 13 December 2021, the Group through Pella entered into a sale agreement to dispose of Al Masar Al Momtaz Leanzamet Al ltesalat (Al Masar) which carried out the majority of the Group's towers and related leased space operations in Jordan. The disposal was completed on 13 December 2021, on which date control of Al Masar passed to the acquirer (an associate of the Group).

Comparative figures in the condensed consolidated statements of profit or loss for the period ended 30 June 2021 have been re-presented.

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

*Investments in associate*

This includes the Group's KD 1.298 million (31 December 2021 – KD 0.650 million; 30 June 2021- KD 0.189 million) interest in IHS Kuwait Limited which represents 30% of the equity shares and voting rights of the associate. The associate became operational in February 2020 pursuant to the sale and lease back of telecommunication towers transaction with the Company. The carrying value of the associate and its results for the period are determined by Group management using the equity method based on management information provided by IHS Kuwait. This also includes Group's 25% ownership in TASC Towers Holding Limited.

*Investments in joint venture*

This includes Group's KD 79.699 million (31 December 2021 - KD 77.866 million; 30 June 2021: KD 74.565 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**

	Unaudited	Audited	Unaudited
	30 June 2022	31 December 2021	30 June 2021
KD '000			
Net fixed assets	968,880	1,076,933	1,055,436
Capital work in progress	94,410	140,335	111,610
	<u>1,063,290</u>	<u>1,217,268</u>	<u>1,167,046</u>

During the six-months period ended 30 June 2022, the Group acquired property and equipment amounting to KD 43.087 million (30 June 2021: KD 40.352 million). Depreciation charged for the period amounted to KD 100.179 million (30 June 2021: KD 98.657 million).

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2022 (Unaudited)

7. Intangible assets and goodwill

	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021 KD '000
Intangible assets	1,556,295	1,563,244	1,601,893
Goodwill	591,234	584,567	582,516
	<u>2,147,529</u>	<u>2,147,811</u>	<u>2,184,409</u>

During the six-months period ended 30 June 2022, the Group acquired intangible assets amounting to KD 12.518 million (30 June 2021: KD 107.970 million). Amortization charged for the period amounted to KD 51.091 million (30 June 2021: KD 48.240 million).

8. Income tax payables

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

*Atheer - Iraq*

At Atheer Iraq, 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) (refer note 16). Income tax assessment for the years 2012, 2013 and from 2014 to 2018 is paid and settled.

Atheer has booked the income tax expenses for the year from 2019 to date, based on self-assessment, considering most likely outcome. No assessment order has yet been received.

Management believes that they have adequate provisions for liabilities in respect of the assessments contested.

*Zain Sudan*

Starting from financial year ended 31 December 2021, Zain Sudan filed its corporate income tax declaration claiming a 50% tax relief under the Double Taxation Avoidance Agreement (DTAA) signed between Republic of Sudan and the State of Kuwait. Accordingly, the Corporate Income Tax paid by the Zain Sudan for the financial year ended 31 December 2021 was @ 3.5%. This resulted in a reversal of SDG 3,754 Mn (KD 2.028 Mn) during the period, being the excess provision carried in the books during the year ended 31 December 2021.

9. Due to banks

	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021 KD '000
<i>Company</i>			
Short term loans	39,845	39,273	-
Long term loans	532,195	498,060	567,906
	<u>572,040</u>	<u>537,333</u>	<u>567,906</u>
<i>SMTC</i>			
Long term loans	505,879	472,631	469,051
	<u>505,879</u>	<u>472,631</u>	<u>469,051</u>
<i>Zain Jordan</i>			
Long term loans	49,051	48,337	48,144
	<u>49,051</u>	<u>48,337</u>	<u>48,144</u>
<i>Atheer – Iraq</i>			
Bank overdrafts	6,355	7,089	7,878
Long term loans	242,518	240,170	240,720
	<u>248,873</u>	<u>247,259</u>	<u>248,598</u>
	<u>1,375,843</u>	<u>1,305,560</u>	<u>1,333,699</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2022 (Unaudited)

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

	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021
	KD '000		
Opening balance	1,305,560	1,196,376	1,196,376
Proceeds from bank borrowings	316,663	452,366	371,165
Repayment of bank borrowings	(265,543)	(338,584)	(224,096)
Effect of change in foreign exchange rates	19,163	(4,598)	(9,746)
	<u>1,375,843</u>	<u>1,305,560</u>	<u>1,333,699</u>

The current and non-current amounts are as follows:

	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021
	KD '000		
Current liabilities	242,506	406,217	288,772
Non-current liabilities	1,133,337	899,343	1,044,927
	<u>1,375,843</u>	<u>1,305,560</u>	<u>1,333,699</u>

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

	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021
	KD '000		
US dollar	939,263	862,260	893,603
Kuwaiti dinar	25,000	25,000	25,000
Saudi Riyals	411,580	418,300	415,096
	<u>1,375,843</u>	<u>1,305,560</u>	<u>1,333,699</u>

The effective interest rate as at 30 June 2022 was 1.93% to 3.90% (31 December 2021 - 0.76% to 2.52%; 30 June 2021 – 0.82% to 2.40%) 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 Amortization (EBITDA);
- adjusted consolidated EBITDA to adjusted consolidated net interest payable;
- consolidated net borrowings to consolidated net worth (equity);

*Company*

During the period, the Company has:

- drawn down loans amounting to KD 46.632 million from the existing facilities (31 December 2021 – KD 164.139 million). This includes:
  - US\$ 85 million (KD 26.053 million) from a US\$ 330 million revolving credit facility.
  - US\$ 35.29 million (KD 10.816 million) from a new US\$ 226.850 million long- term loan facility.
  - US\$ 32.68 million (KD 10.016 million) from a new US\$ 129.718 million long- term loan facility.

**Notes to the Condensed Consolidated Interim Financial Information - 30 June 2022 (Unaudited)**

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- repaid loans amounting to KD 19.70 million (31 December 2021 – KD 275.53 million). This includes:
  - US\$ 15.385 million (KD 4.716 million) of a long-term facility amounting to US\$ 200 million.
  - US\$ 12.132 million (KD 3.718 million) of a long-term facility amounting to US\$ 200 million.
  - US\$ 10.80 million (KD 3.278 million) of a long-term facility amounting to US\$ 200 million.

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

*SMTC*

Long-term loans include:

- 1) SAR 5,773 million (KD 471.539 million) (31 December 2021: SAR 2,955 million equivalent to KD 238.675 million) syndicated murabaha facility and SAR 420 million (KD 34.306 million) (31 December 2021: SAR 650 million equivalent to KD 52.5 million) working capital facility availed from a consortium of banks.

In September 2020, SMTC signed an Amendment Agreement (the Agreement) with the consortium of lenders to refinance the Murabaha facilities that existed as of that date and to secure additional funding for future capital investment.

The Agreement:

- Includes a Total Term Murabaha Facility of SAR 6,000 million (KD 490.08 million), consisting of SAR 4.880 billion (KD 0.399 billion) and US\$ portion of SAR 1.120 billion (KD 0.0915 billion) for refinancing of the existing Term Murabaha Facility amounting to SAR 3.48 billion (KD 0.284 billion) and balance for future specified business purposes.
- Includes a revolving working capital facility of SAR 1,000 million (KD 81.68 million) consisting of SAR 813.393 million (KD 66.438 million) and a US\$ portion totaling to SAR 186.607 million (KD 15.242 million).

The Murabaha Facility continues to be 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.

A portion of above syndicated loan has been hedged through a profit rate swap contract.

- 2) During 2019, SMTC signed syndicated junior murabaha facility amounting to SAR 2,250 million (KD 183.78 million) (31 December 2021: SAR 2,247 million equivalent to KD 181.49 million) from a consortium of banks with a two- year tenure with an option to extend for one more year. During April 2022, SMTC has voluntary settled the outstanding principal as per the Murabaha Financing agreement.

During the period SMTC has:

- drawn down SAR 2,800 million (KD 228.704 million) from Syndicated Murabaha facility and SAR 420 million (KD 34.306 million) from working capital facility availed from a consortium of banks.
- repaid SAR 650 million (KD 53.092 million) of working capital facility availed from a consortium of banks.
- repaid SAR 2,250 million (KD 183.78 million) of syndicated junior murabaha facility

*Zain Jordan*

Long term loans include:

US\$ 160 million (KD 49.04 million) (31 December 2021 – US\$ 160 million equivalent to KD 48.336 million) term loan from a commercial bank that is repayable by 2025.

**Notes to the Condensed Consolidated Interim Financial Information - 30 June 2022 (Unaudited)**

*Atheer*

Long-term loans include:

- 1) US\$ 90 million (KD 27.585 million) (31 December 2021 – US\$ 90 million equivalent to KD 27.189 million; 30 June 2021 -US\$ 95 million equivalents to KD 28.586 million) term loan from a commercial bank that is repayable by 17 December 2024.
- 2) US\$ 105 million (KD 32.214 million) (31 December 2021 – US\$ 105 million equivalent to KD 31.721 million; 30 June 2021 -US\$ 105 million equivalents to KD 31.595 million) term loan from a commercial bank which is repayable by 30 June 2023.
- 3) US\$ 150 million (KD 45.975 million) (31 December 2021 – US\$ 150 million equivalent to KD 45.315 million; 30 June 2021 -US\$ 150 million equivalents to KD 45.135 million) revolving credit facilities from a commercial bank repayable by 17 December 2022.
- 4) US\$ 100 million (KD 30.65 million) (31 December 2021 – US\$ 100 million equivalent to KD 30.21 million; 30 June 2021 -US\$ 100 million equivalents to KD 30.09 million) term loan from a commercial bank repayable by 31 July 2023.
- 5) US\$ 50 million (KD 15.325 million) (31 December 2021 – US\$ 50 million equivalent to KD 15.105 million; 30 June 2021 -US\$ 50 million equivalents to KD 15.045 million) term loan from a commercial bank repayable by 14 April 2024.
- 6) US\$ 71.25 million (KD 21.838 million) (31 December 2021 – US\$ 75 million equivalent to KD 22.658 million; 30 June 2021 -US\$ 75 million equivalents to KD 22.568 million) term loan from a commercial bank repayable by 28 April 2025.
- 7) US\$ 125 million (KD 38.313 million) (31 December 2021 – US\$ 125 million equivalent to KD 37.763 million; 30 June 2021 -US\$ 125 million equivalents to KD 37.613 million) term loan from a commercial bank repayable by 03 May 2025.
- 8) US\$ 100 million (KD 30.65 million) (31 December 2021 – US\$ 100 million equivalent to KD 30.21 million; 30 June 2021 -US\$ 100 million equivalents to KD 30.09 million) term loan from a commercial bank repayable by 25 May 2024.

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

**10. Other non-current liabilities**

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>KD '000</b>		
Payable to Ministry of Finance – Saudi Arabia (refer below)	203,152	247,131	239,210
Due from acquisition of spectrum payable	127,612	137,466	132,878
Customer deposits	3,431	3,193	3,147
Post-employment benefits	42,953	40,908	39,677
Others	6,980	16,331	24,489
	<b>384,128</b>	<b>445,029</b>	<b>439,401</b>

During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that are due until 2021. These amounts are being repaid in seven installments starting June 2021. The current portion of these payables is recorded under trade and other payables.

**11. Share capital**

The authorized, issued and fully paid up (in cash and bonus shares) share capital as of 30 June 2022 is 4,327,058,909 shares (31 December 2021 – 4,327,058,909; 30 June 2021 - 4,327,058,909) of 100 fils each.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2022 (Unaudited)

*Dividend*

The annual general meeting of shareholders for the year ended 31 December 2021 held on 22 March 2022 (31 December 2020 - 17 March 2021) approved distribution of a cash dividend of 23 fils per share (amounting to KD 99,522,355) to the registered shareholders, for the second half of the year 2021, after obtaining necessary regulatory approvals. This is in addition to the interim dividend of 10 fils distributed earlier in 2021 totaling 33 fils per share for the year 2021 (31 December 2020 – 33 fils per share).

*Interim dividend*

The Board of Directors in their meeting held on 17 July 2022, declared distribution of 10 fils per share of interim dividend in cash.

**12. Investment income**

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2022	2021	2022	2021
	KD'000		KD'000	
Profit from investment securities at FVTPL	1,061	390	2,407	526
Dividend income	231	-	231	-
	<u>1,292</u>	<u>390</u>	<u>2,638</u>	<u>526</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 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2022	2021	2022	2021
	KD'000		KD'000	
Profit for the period attributable to shareholders of the Company - from continuing and discontinued operations	50,407	41,384	97,628	85,922
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
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
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings per share – basic and diluted from continuing and discontinued	12	10	23	20

**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 2022 (Unaudited)**

	30 June 2022							Total KD '000
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	
<b>Segment revenues – airtime, data &amp; subscriptions (Point over time)</b>	128,571	73,097	62,649	117,555	22,254	309,792	14,866	728,784
<b>Segment revenues - trading income (Point in time)</b>	43,974	3,066	638	1,025	4,849	46,294	36	99,882
<b>Net profit before interest and tax</b>	40,656	19,114	33,741	13,317	2,634	37,188	1,415	148,065
Interest income	756	570	612	1	45	150	4	2,138
Finance costs	(374)	(3,336)	(95)	(8,266)	(377)	(19,902)	(15)	(32,365)
Income tax expenses	-	(3,903)	(566)	(3,536)	-	-	(1)	(8,006)
	41,038	12,445	33,692	1,516	2,302	17,436	1,403	109,832
<i>Unallocated items:</i>								
Investment income								2,638
Share of results of associates and joint venture								1,718
Others (including unallocated interest income, income tax and finance costs net of eliminations)								(4,475)
<b>Profit for the period</b>								109,713
<b>Segment assets including allocated goodwill</b>	392,867	373,046	82,451	1,068,673	93,455	2,296,252	87,651	4,394,395
ROU assets	11,059	8,807	1,403	25,900	11,759	34,965	15	93,908
<i>Unallocated items:</i>								
Investment securities at FVTPL								31,203
Investment securities at FVOCI								21,597
Investment in associates and joint venture								81,111
Others (net of elimination)								183,757
<b>Consolidated assets</b>								4,805,971
<b>Segment liabilities</b>	146,167	157,837	32,071	145,806	28,076	976,842	71,241	1,558,040
Lease liabilities (current and non-current)	17,594	10,620	704	24,390	11,837	39,944	9	105,098
Due to banks	-	49,051	-	248,873	-	505,879	-	803,803
	163,761	217,508	32,775	419,069	39,913	1,522,665	71,250	2,466,941
<i>Unallocated items:</i>								
Due to banks								572,040
Others								(68,711)
<b>Consolidated liabilities</b>								2,970,270
<b>Net consolidated assets</b>								1,835,701
Capital expenditure incurred during the period	3,776	1,929	4,992	6,431	402	23,895	12,969	54,394
Unallocated								1,211
<b>Total capital expenditure</b>								55,605
Depreciation of property and equipment and amortization of intangible assets	20,024	14,426	1,204	33,248	4,745	75,487	2,179	151,313
Amortization of ROU assets	3,083	716	104	3,248	1,518	7,866	17	16,552
Unallocated (net of elimination)								(43)
<b>Total depreciation and amortization</b>								167,822

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2022 (Unaudited)

	30 June 2021						Total KD '000
	Kuwait	Jordan*	Sudan	Iraq	Bahrain	KSA	
<b>Segment revenues – airtime, data &amp; subscriptions (Point over time)</b>	119,910	70,937	47,967	112,656	20,666	276,358	24,216
<b>Segment revenues - trading income (Point in time)</b>	35,572	2,922	418	608	5,532	32,574	55
<b>Net profit before interest and tax</b>	35,824	20,356	14,745	18,923	2,599	26,049	6,565
Interest income	846	502	426	43	36	20	4
Gain on sale and lease back transaction	629	-	-	-	-	-	-
Finance costs	(331)	(3,698)	(545)	(7,512)	(415)	(19,430)	(27)
Income tax expenses	-	(4,288)	(2,168)	(3,461)	-	-	(4)
	36,968	12,872	12,458	7,993	2,220	6,639	6,538
<i>Unallocated items:</i>							
Investment income							526
Share of results of associates and joint venture							604
Others (including unallocated interest income, income tax and finance costs net of eliminations)							5,971
<b>Profit for the period</b>							92,789
<b>Segment assets including allocated goodwill</b>	411,874	354,625	46,243	1,092,066	87,355	2,133,827	87,088
ROU assets	9,763	19,581	433	26,548	10,787	102,649	103
<i>Unallocated items:</i>							
Investment securities at FVTPL							10,642
Investment securities at FVOCI							16,961
Investment in associates and joint venture							76,733
Others (net of elimination)							244,689
<b>Consolidated assets</b>							4,731,967
<b>Segment liabilities</b>	162,726	143,798	29,432	168,499	26,550	899,581	73,632
Lease liabilities (current and non-current)	16,420	19,889	314	24,912	10,878	116,516	92
Due to banks	-	48,144	-	248,598	-	469,050	-
	179,146	211,831	29,746	442,009	37,428	1,485,147	73,724
<i>Unallocated items:</i>							
Due to banks							567,907
Others							(64,641)
<b>Consolidated liabilities</b>							2,962,297
<b>Net consolidated assets</b>							1,769,670
Capital expenditure incurred during the period	10,673	59,041	6,665	56,897	304	8,357	4,824
Unallocated							1,561
<b>Total capital expenditure</b>							148,322
Depreciation of property and equipment and amortization of intangible assets	18,006	13,710	1,931	30,080	4,600	76,630	2,161
Amortization of ROU assets	2,989	1,710	80	3,428	1,424	18,725	31
Unallocated (net of elimination)							(221)
<b>Total depreciation and amortization</b>							175,284

\* Figures disclosed under Jordan includes result of discontinued operations as disclosed in note 4.2.

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2022 (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)	
	2022	2021	2022	2021
	KD'000		KD'000	
Revenue	58	569	126	674
Cost of sales	1,437	1,386	3,485	2,739

Key management compensation

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2022	2021	2022	2021
	KD'000		KD'000	
Salaries and other short term employee benefits	851	528	1,466	1,055
Post-employment benefits	236	71	444	226

Balances

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2022	2021	2021
	KD '000		
Trade receivables	303	700	1,563
Trade payables	3,820	6,872	3,012

16. Commitments and contingencies

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2022	2021	2021
	KD '000		
Capital commitment	88,037	80,091	97,806
Uncalled share capital of investee companies	907	1,303	2,210
Letters of guarantee and credit	72,213	80,982	73,164

The Company is a guarantor for credit facilities amounting to Nil (31 December 2021 - Nil; 30 June 2021 - KD 7.221 million) granted by a bank to a founding shareholder in SMTC. This, guarantee was released during September 2021 as the credit facility was fully settled.

*Income taxes in Iraq*

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\$ 196 million (KD 60.074 million) and submitted its objections against the tax claim.

On 15 October 2019, the Appeals Committee of IGCT issued its decision to reduce the amount of claim to US\$ 88.8 million (KD 27.217 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. The Cassation Court has decided in Atheer's favor. Atheer expects to receive the Court decision soon.

**Notes to the Condensed Consolidated Interim Financial Information – 30 June 2022 (Unaudited)**

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Atheer received additional income tax claim of US\$ 19.3 million (KD 5.915 million) from IGCT for the year 2011 on 9 March 2020. On 12 March 2020, Atheer submitted its objection to this additional income tax claim which was rejected by the IGCT on 15 March 2020. This additional tax claim is now under appeal procedures before the Appeals Committee of IGCT. Atheer believes that it has adequate provisions to meet this liability, if it arises.

*Pella - Jordan*

- a. Pella has initiated legal proceedings against a claim of KD 9.867 million (31 December 2021 - KD 9.724 million) by the regulatory authority relating to revenue share for the years 2002 - 2005 on the grounds that it has already paid the amount that it was obligated to pay for those years. On June 9, 2021, the court of appeal dismissed the case and obliged Pella to pay the claimed amount plus the related fees, and Pella challenged this court decision, and the case now is before the court of cassation.

In the opinion of the legal advisor, Pella's position is still good, and reference to the court's decision made on June 9, 2021, Pella has a good opportunity to challenge the same before the court of cassation. A request has been made to defer the ruling on the case due to ongoing negotiations between Pella and TRC. However, in case the lawsuit is lost by Pella, it is expected that the claim is going to be significantly higher considering similar claims in the years from 2006 to 2021 and the interest and/or penalties that may arise as a result of lapse of time.

During Q1 2022, a letter was issued by the Telecommunications Regulatory Commission that included an extract from a decision that was issued by the cabinet of the Hashemite Kingdom of Jordan aiming to reform the telecom sector and boost the operators' appetite to introduce 5G technology in Jordan. The extract included certain recommendations and directions to the TRC to initiate the negotiations with the operators in Jordan to reform the deformity in the telecom sector through several motivational packs, including extending the term of the licenses, adding neutrality capacity to all frequencies, and settling the current disputes between the operators and the TRC, to name a few. The cabinet was also advised to hire a consultant to calculate the settlement figures, in addition to a law firm which is going to be involved in the negotiation process. Management believes that there are still several variables which have to be taken into consideration before making a final decision on the possible outcome of the above, and thus has concluded that the portion of the settlement that relates to the pending litigation with the TRC cannot be reliably estimated at this stage.

- b. Pella has also initiated legal proceedings against the regulatory authorities claiming refund of excess revenue share paid amounting to KD 9.758 million (31 December 2021 - KD 9.616 million) for the years 2002 to 2010. The court of cassation decided to dismiss the case and Pella challenged the court decision and the case is pending at the appeal court.
- c. Pella is a defendant in lawsuits amounting to KD 22.608 million (31 December 2021 – KD 22.292 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella.

*MTC Kuwait*

A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the Ministry of Communication 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. In June 2022, the first degree judgement is issued in favour of the Group.

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:

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2022 (Unaudited)

	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2021 KD'000
<b>Amortised costs:</b>			
Cash and bank balances	205,037	231,884	281,281
Trade and other receivables	634,160	542,923	462,450
<b>Investment securities -FVTPL</b>	31,203	28,423	10,642
<b>Investment securities - FVOCI</b>	21,597	18,165	16,961

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.

**30 June 2022**

	Level 1	Level 2	Level 3	Total KD'000
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	-	12,115	19,088	31,203
Investments securities at FVOCI	4,474	2,868	14,255	21,597
Total assets	4,474	14,983	33,343	52,800

**31 December 2021**

	Level 1	Level 2	Level 3	Total KD'000
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	234	9,440	18,749	28,423
Investments securities at FVOCI	1,412	2,703	14,050	18,165
Total assets	1,646	12,143	32,799	46,588

**30 June 2021**

	Level 1	Level 2	Level 3	Total KD'000
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	997	9,645	-	10,642
Investments securities at FVOCI	1,859	1,894	13,208	16,961
Total assets	2,856	11,539	13,208	27,603

**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/ (loss)**

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 impact of Net monetary loss for the period is not material to the interim financial information.

**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 2022:**

	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
			KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i>			
Profit rate swaps	4,184	-	261,376

**At 31 December 2021:**

	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
			KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i>			
Profit rate swaps	-	8,895	258,464

**At 30 June 2021:**

	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
			KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i>			
Profit rate swaps	-	15,017	146,873

**20. IMPACT OF COVID-19**

The Group's operating environment has rebound and signs of economic recovery is visible across the region and globally. The key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the consolidated financial statements is disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2021.