

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

**Condensed Consolidated Interim Financial Information (Unaudited)
30 June 2024**

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Independent auditor's report on review of condensed consolidated interim financial information

The Board of Directors
Mobile Telecommunication Company K.S.C.P.
State of Kuwait

Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial information of Mobile Telecommunication Company K.S.C.P. (the "Company") and its subsidiaries (together, the "Group"), which comprises the condensed consolidated interim statement of financial position as at 30 June 2024, the condensed consolidated interim statement of profit or loss and the condensed consolidated interim statement of other comprehensive income for three-month and six-month periods then ended, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 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 the 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 for Qualified Conclusion

As disclosed in Note 2 to the condensed consolidated interim financial information, the Group has excluded the effects of application of IAS 29 *Financial Reporting in Hyperinflationary Economies* with respect of its subsidiaries in Republic of Sudan. It was impracticable for us to quantify the financial effects of the adjustments to the condensed consolidated interim financial information due to the non-application of IAS 29 *Financial Reporting in Hyperinflationary Economies* as the Group has not performed the required calculations.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion 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 IAS 34 *Interim Financial Reporting*.



Emphasis of matter – Political uncertainty in Republic of Sudan

We draw attention to note 2 of the condensed consolidated interim financial information, which describes the management's assessment of the ongoing impact of the political uncertainty in the Republic of Sudan on the Group's operations and financial performance and related uncertainties. Our review conclusion is not modified in respect of this matter.

Emphasis of matter – Comparative Information

We draw attention to Note 21 to the condensed consolidated interim financial information which indicates that the comparative information presented as at and for the period ended 30 June 2023 has been restated. Our review conclusion is not modified in respect of this matter.

Other matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2023 were audited by another auditor who expressed qualified opinion on those consolidated financial statements on 6 March 2024 due to the exclusion of the effect of applying IAS 29 *Financial Reporting in Hyperinflationary Economies* for the subsidiaries in the Republic of Sudan. The condensed consolidated interim financial information of the Group as at and for the six-month period ended 30 June 2023, excluding adjustment in note 21 to condensed consolidated interim financial information, were reviewed by the same auditor who expressed qualified conclusion on that condensed consolidated interim financial information on 8 August 2023 due to the exclusion of the effect of applying IAS 29 *Financial Reporting in Hyperinflationary Economies* for the subsidiaries in the Republic of Sudan.

As part of our review of the condensed consolidated interim financial information as at and for the six-month period ended 30 June 2024, we reviewed the adjustments described in Note 21 that were applied to restate the comparative information presented as at and for the six-month period ended 30 June 2023. We were not engaged to audit, review, or apply any procedures to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 other than with respect to the adjustments described in Note 21 to the condensed consolidated interim financial information. Accordingly, we do not express a conclusion or any other form of assurance on the financial information taken as a whole. However, in our conclusion, the adjustments described in Note 21 are appropriate and have been properly applied.

Report on review of other legal and regulatory requirements

Furthermore, based on our review, except for the possible effect of the matters described in the "Basis of Qualified Conclusion" paragraph above, the condensed consolidated 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 were any other violations of the provisions of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended or of the Company's Memorandum and Articles of Association, as amended, during the six-month period ended 30 June 2024 that might have had material effect on the business of the Company or on its financial position.

We further report that, based on our review, except for the possible effect of the matters described in the "Basis of Qualified Conclusion" paragraph above, nothing has come to our attention that causes us to believe that there were any other violations of the provisions of the Law No. 7 of 2010, as amended, concerning the Capital Markets Authority, and its related regulations, during the six-month period ended 30 June 2024 that might have had material effect on the business of the Company or on its financial position.

Dr. Rasheed M. Al-Qenae
License No 130
of KPMG Al-Qenae & Partners
Member firm of KPMG International

Kuwait: 7 August 2024

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2024 (Unaudited)

	Note	Unaudited	Audited	Unaudited
		30 June 2024	31 December 2023	30 June 2023
		KD '000	KD '000	Restated KD '000
ASSETS				
Current assets				
Cash and cash equivalents	3	216,461	313,547	279,334
Bank Balances held in customers' account	4	15,860	12,967	10,086
Trade and other receivables		974,872	893,252	911,410
Contract assets		79,370	76,094	69,771
Inventories		62,187	54,945	69,736
Investment securities at FVTPL		37,271	35,130	84,716
		1,386,021	1,385,935	1,425,053
Assets classified as held for sale	5	4,033	4,024	122,004
		1,390,054	1,389,959	1,547,057
Non-current assets				
Contract assets		55,951	54,017	49,386
Investment securities at FVOCI		11,663	11,698	19,617
Investments in associates and joint venture	6	207,280	206,472	112,172
Other non-current assets		112,192	59,685	52,743
Right of use of assets		147,910	128,191	107,370
Property and equipment	7	1,016,599	1,109,050	1,011,459
Intangible assets and goodwill	8	1,993,105	2,036,624	2,120,180
		3,544,700	3,605,737	3,472,927
Total Assets		4,934,754	4,995,696	5,019,984
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables		1,072,520	1,089,330	1,026,956
Deferred revenue		55,281	63,383	62,548
Income tax payables		14,463	19,118	20,250
Bank borrowings	9	184,394	169,881	157,405
Lease liabilities		29,184	28,862	20,685
		1,355,842	1,370,574	1,287,844
Liabilities classified as held for sale	5	909	1,010	61,669
		1,356,751	1,371,584	1,349,513
Non-current liabilities				
Bank borrowings	9	1,241,366	1,141,657	1,199,883
Lease liabilities		160,784	147,039	122,504
Other non-current liabilities	10	324,088	375,181	379,275
		1,726,238	1,663,877	1,701,662
Equity				
Attributable to the Company's shareholders				
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		(1,624,896)	(1,556,226)	(1,510,935)
Investment fair valuation reserve		(16,021)	(14,070)	(8,908)
Other reserves		2,997	2,998	4,196
Retained earnings		430,418	457,025	413,607
		1,148,722	1,245,951	1,254,184
Non-controlling interests		703,043	714,284	714,625
Total equity		1,851,765	1,960,235	1,968,809
Total Liabilities and Equity		4,934,754	4,995,696	5,019,984

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 07 August 2024.

Osamah Othman Alfuraih
Chairman

Bader Nasser Al Kharafi
Vice Chairman & Chief Executive Officer

Condensed Consolidated Interim Statement of Profit or Loss – 30 June 2024 (Unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2024	2023	2024	2023
			Restated		Restated
		KD'000	KD'000	KD'000	KD'000
Revenue		478,708	461,359	944,847	929,713
Cost of sales		(156,999)	(140,040)	(311,248)	(295,876)
Operating and administrative expenses		(132,892)	(129,654)	(289,709)	(269,896)
Expected credit loss on financial assets (ECL)		(11,128)	(9,841)	(18,459)	(17,341)
Depreciation, amortization and impairment		(92,101)	(84,293)	(175,992)	(164,478)
Interest income		2,096	2,979	5,056	7,027
Investment (loss) / income	12	(453)	285	2,572	978
Share of results of associates and joint venture		1,210	213	812	256
Other income / (expenses)		5,182	2,041	3,891	(6,875)
Gain on sale and lease back transaction	21	-	-	-	93,501
Finance costs	13	(32,573)	(30,081)	(64,280)	(60,067)
Foreign exchange gain / (loss)		5,892	285	10,539	(434)
Net monetary gain	19	1,381	-	1,381	-
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration		68,323	73,253	109,410	216,508
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)		(545)	(591)	(850)	(1,152)
National Labour Support Tax (NLST) and Zakat		(2,527)	(3,129)	(4,825)	(7,436)
Income tax expenses		(4,276)	(4,762)	(8,207)	(9,374)
Board of Directors' remuneration		(119)	(109)	(239)	(218)
Profit for the period		60,856	64,662	95,289	198,328
Attributable to:					
Shareholders of the Company		52,196	57,186	81,420	128,784
Non-controlling interests		8,660	7,476	13,869	69,544
		<u>60,856</u>	<u>64,662</u>	<u>95,289</u>	<u>198,328</u>
Earnings per share					
Basic and diluted – Fils	14	12	13	19	30

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

Condensed Consolidated Interim Statement of Comprehensive Income – 30 June 2024 (Unaudited)

	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
		Restated		Restated
	KD'000	KD'000	KD'000	KD'000
Profit for the period	60,856	64,662	95,289	198,328
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange differences on translating foreign operations	(38,992)	7,278	(69,476)	6,321
Other reserves	(817)	(3,232)	(697)	442
	(39,809)	4,046	(70,173)	6,763
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Fair value gain on investments in equity instruments designated as at FVOCI	(2,020)	193	(1,951)	445
Other reserves	699	463	699	463
	(1,321)	656	(1,252)	908
Other comprehensive (loss)/ income for the period	(41,130)	4,702	(71,425)	7,671
Total comprehensive income for the period	19,726	69,364	23,864	205,999
Total comprehensive income attributable to:				
Shareholders of the Company	12,993	61,395	10,798	132,514
Non-controlling interests	6,733	7,969	13,066	73,485
	19,726	69,364	23,864	205,999

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

Condensed Consolidated Interim Statement of Changes in Equity – Six months ended 30 June 2024 (Unaudited)

	Equity attributable to Company's shareholders							Non - controlling interests	Total
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Other reserves	Retained earnings		
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000		
Balance at 1 January 2024	432,706	1,707,164	216,354	(1,556,226)	(14,070)	2,998	457,025	714,284	1,960,235
Profit for the period	-	-	-	-	-	-	81,420	13,869	95,289
Other comprehensive loss for the period	-	-	-	(68,670)	(1,951)	(1)	-	(803)	(71,425)
Total comprehensive income for the period	-	-	-	(68,670)	(1,951)	(1)	81,420	13,066	23,864
<i>Transactions with shareholders of the Company, recognized directly in equity:</i>									
Non-controlling interest arising on the acquisition (note 2.4)	-	-	-	-	-	-	-	310	310
Cash dividends (2023) (note 11)	-	-	-	-	-	-	(108,176)	-	(108,176)
Cash dividends to non-controlling interest of subsidiaries (2023)	-	-	-	-	-	-	-	(24,617)	(24,617)
Impact of application of IAS 29 (note 19)	-	-	-	-	-	-	149	-	149
Balance at 30 June 2024	432,706	1,707,164	216,354	(1,624,896)	(16,021)	2,997	430,418	703,043	1,851,765
Balance at 1 January 2023	432,706	1,707,164	216,354	(1,513,879)	(9,353)	3,855	392,999	666,014	1,895,860
Profit for the period (restated)	-	-	-	-	-	-	128,784	69,544	198,328
Other comprehensive income for the period	-	-	-	2,944	445	341	-	3,941	7,671
Total comprehensive income for the period (restated)	-	-	-	2,944	445	341	128,784	73,485	205,999
<i>Transactions with shareholders of the Company, recognized directly in equity:</i>									
Non-controlling interest arising on the acquisition	-	-	-	-	-	-	-	(29)	(29)
Cash dividends (2022) (note 11)	-	-	-	-	-	-	(108,176)	-	(108,176)
Cash dividends to non-controlling interest of subsidiaries (2022)	-	-	-	-	-	-	-	(24,845)	(24,845)
Balance at 30 June 2023 (restated)	432,706	1,707,164	216,354	(1,510,935)	(8,908)	4,196	413,607	714,625	1,968,809

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

Condensed Consolidated Interim Statement of Cash Flows – Six months ended 30 June 2024 (Unaudited)

	Note	Six months ended 30 June	
		2024	2023
		KD'000	Restated KD'000
Cash flows from operating activities			
Profit for the period before income tax, KFAS, NLST and Zakat		109,171	216,290
Adjustments for:			
Depreciation and amortization		175,992	164,478
ECL on financial assets		18,459	17,341
Interest income		(5,056)	(7,027)
Investment income	12	(2,572)	(978)
Share of results of associates and joint venture		(812)	(256)
Finance costs	13	64,280	60,067
Gain on sale and lease back transaction	21	-	(93,501)
Foreign currency (gain) / loss		(10,539)	434
Net monetary gain	19	(1,381)	-
(Gain) / loss on sale of property and equipment		(2)	225
Operating cashflow before working capital changes		347,540	357,073
Increase bank balances held in customers' account		(2,912)	(1,904)
Increase in trade and other receivables and contract assets		(147,174)	(77,661)
Increase in inventories		(6,502)	(21,971)
Increase / (decrease) in trade and other payables		2,312	(75,020)
Cash generated from operations		193,264	180,517
<i>Payments:</i>			
Income tax		(8,614)	(3,713)
KFAS		(2,232)	(2,027)
NLST and Zakat		(11,353)	(4,169)
<i>Net cash from operating activities</i>		171,065	170,608
Cash flows from investing activities			
Deposits maturing after three months, cash at bank under lien and government certificates of deposits	3	(5,366)	4,164
Investments in securities		(2,422)	(938)
Proceeds from sale of investment securities		761	17
Acquisition of subsidiaries, net of cash acquired	2.4	(3,095)	(10,737)
Investment in associates and joint control entity		-	(783)
Acquisition of property and equipment (net)		(127,373)	(83,829)
Acquisition of intangible assets (net)		(25,757)	(31,664)
Proceeds from sale of telecom assets (sale and lease back)		-	197,892
Interest received		1,632	2,331
Dividend received		108	35
<i>Net cash (used in) / from investing activities</i>		(161,512)	76,488
Cash flows from financing activities			
Proceeds from bank borrowings	9	218,818	106,633
Repayment of bank borrowings	9	(107,658)	(121,782)
Repayment of lease liabilities		(21,451)	(23,367)
Dividend paid to Company's shareholders		(108,335)	(107,760)
Dividend paid to minority shareholders of subsidiaries		(933)	(928)
Finance costs paid		(58,847)	(54,854)
<i>Net cash used in financing activities</i>		(78,406)	(202,058)
Net (decrease) / increase in cash and cash equivalents		(68,853)	45,038
Effect of foreign currency translation		(33,599)	6,233
Cash and cash equivalents at beginning of period		312,449	226,181
Cash and cash equivalents at end of period	3	209,997	277,452

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

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

1. Incorporation and activities

Mobile Telecommunications Company K.S.C.P (the “Company” or “MTC”) 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 2023 - Kuwait and 7 other countries; 30 June 2023 - 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 (the “Parent Company”).

2. Basis of preparation

This condensed consolidated interim financial information for six months ended 30 June 2024 have been prepared in accordance with IAS 34: *Interim Financial Reporting* and should be read in conjunction with the Group’s last annual consolidated financial statements for the year ended 31 December 2023 (“last annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The Group has prepared the condensed consolidated interim financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The economy of Republic of South Sudan became hyperinflationary in 2016. Accordingly, the results, financial position and cash flows 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, the Group believes that there is no definitive basis to apply IAS 29 at this stage. However, the Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 in previous years and as of 30 June 2024.

This condensed consolidated interim financial information does not contain all of the information and disclosures required for complete financial statements prepared in accordance with IFRS Accounting 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 2024, 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 2023.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

2.1 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2023, except for the amendment to IFRS Accounting Standards which are effective as of 1 January 2024 listed below. However, these amendments did not have any material impact on the accounting policies, financial position or performance of the Group.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Disclosure Relating to Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

2.2 Significant judgments and estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 2023, except following:

Functional and presentation currency – Atheer Telecom Iraq Limited (“Atheer”)

The Government of Iraq passed a resolution in April 2023 that all monetary transactions within the country will be denominated and settled in Iraqi Dinar, with no effective date of implementation. The Central Bank of Iraq announced in October 2023 banning all cash withdrawals and transactions in US Dollars with effect from 1 January 2024. Accordingly, Atheer has started the process of revising its contracts with suppliers in line with this change and believes that the functional currency of Atheer has changed from US Dollar to Iraqi Dinar with effect from 1 January 2024. This is because the currency of the primary economic environment in which Atheer operates has changed from US Dollar to Iraqi Dinar. Therefore, from 1 January 2024 onwards, the functional currency of Atheer is Iraqi Dinar. In accordance with IAS 21: *the Effects of Changes in Foreign Exchange Rates* this change has been accounted for prospectively from this date.

2.3 Political uncertainty in Sudan

A violent power struggle erupted on 15 April 2023, in Khartoum, the capital of Republic of Sudan, involving the two primary factions of the ruling military regime. This conflict has directly affected the Group's operations and its telecommunication assets, as certain areas in Republic of Sudan continue to experience high levels of hostility or temporary control by opposing forces. Given the Group's extensive presence and service provision across Republic of Sudan, these events have had an adverse impact on the country's economy and consequently, on the Group's business and operational outcomes.

As of the issuance date of these condensed consolidated interim financial information, the Group has not incurred any significant damage to crucial assets that would hinder its ability to sustain operations.

Since 15 April 2023, continuous monitoring of network and base station equipment has been in place, particularly in areas experiencing significant downtime. Various actions, such as reallocation of network traffic, capacity expansion, and other measures aimed at restoring network coverage and ensuring satisfactory network performance, are being implemented. Zain Sudan is actively involved in performing essential network maintenance, repairs, and optimizations utilizing both its current equipment and external resources. Zain Sudan currently holds agreements with suppliers of network equipment, and transportation routes for its delivery that are accessible in all regions of Republic of Sudan, except for Darfur, Kordofan (only limited access in north), Wad-Madani, Khartoum and Sinnar (directly impacting White Nile & Blue Nile areas), which are facing the most significant impact from the ongoing hostilities.

Republic of Sudan experienced a network blackout starting from 7 February 2024 as all the three main internet operators in Sudan were either partially or completely offline and discussions to resolve this issue are in progress. Subsequently, in the first week of March 2024, Zain Sudan restored its services in Port Sudan and other neighboring states by setting up a new switch and data center in Port Sudan.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

The Group has taken appropriate actions to ensure the continuity of communication services and operations. The management has prepared and reviewed the updated financial forecasts for the year, taking into consideration most likely and possible downside scenarios for the ongoing business impacts of the war. These forecasts were based on the following key assumptions:

- there will be no substantial increase in the intensity of hostilities, thereby not adversely impacting the number of active sites, significantly.
- Zain Sudan will have the capability to conduct maintenance and repair tasks in the affected territories of Sudan, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists;
- there will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict;
- Zain Sudan will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans;
- the generated revenue from service and product sales will be sufficient for Zain Sudan to meet both operating expenses and essential capital investments.

Based on these forecasts, considering possible adverse scenarios, management reasonably expects that the Group possesses adequate resources to effectively handle its operations in Sudan. Management will maintain ongoing monitoring of the potential repercussions and will proactively implement all available measures to minimize any adverse consequences.

If a worst-case scenario unfolds with widespread hostilities across Republic of Sudan, it can be anticipated that the Group's operations in Sudan may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of the Group.

After evaluating the revised forecasts, management has examined Zain Sudan's capability to operate as a going concern at the time of releasing these condensed consolidated interim financial statements. As a result, it has determined that there are no significant specific uncertainties that could impede the Zain Sudan's infrastructure and operations, that cast significant doubt on its ability to continue as a going concern. Consequently, Zain Sudan is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business.

The management of Zain Sudan has concluded that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Because of the ongoing conflict in Republic of Sudan as described above, there have been some damages to network equipment, spares and inventories. Unfortunately, the current situation is not viable for the management of the Zain Sudan to access these areas and take stock of the actual damages and losses due to continuing hostilities in these regions. Based on an initial assessment of the damages due to the ongoing conflict mainly in the main warehouse in Khartoum, Zain Sudan has recorded an impairment loss of SDG 25.51 billion (KD 13.476 million) on its property and equipment and a provision for damage to its inventories amounting to SDG 2.31 billion (KD 1.222 million) respectively during the previous year.

Due to this unrest, Zain Sudan is not able to exercise control over some of its property and equipment with a net book value of SDG 26.98 billion (KD 5.06 million) representing 1,802 network sites as of 30 June 2024 due to security concerns in certain locations in Republic of Sudan. The management of Zain Sudan does not expect any significant damage to the Zain Sudan's network sites in the Sudanese regions of North Darfur, North Kordofan, Wad-Madani and Khartoum and has concluded that the affected sites have the ability to generate future economic benefits. However, Zain Sudan management has recognized an impairment loss of SDG 26.98 billion (KD 5.06 million) for network sites and related equipment and SDG 4.95 billion (KD 0.93 million) for network assets under Capital work in progress during the quarter ended 30 June 2024.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

Zain Sudan’s management estimates that the losses are fully covered under the Political Violence Insurance Policy, which is valid from 6 July 2022 to 5 July 2023. A claim totaling US\$ 47.98 million (KD 14.715 million) has been submitted to the insurer. This claim primarily relates to damage to equipment, spare parts, and commercial items in the main warehouse, which was mostly set on fire during the conflict. According to the Political Violence Insurance Policy, Zain Sudan is also eligible for ‘Business Interruption’ claim settlement covering a twelve-month indemnity period from the date of loss. In the opinion of Zain Sudan’s management, losses, if any, will be fully recovered from the insurance company and based on the current assessment per available information, no significant financial impact is anticipated on the condensed consolidated interim financial information as the Group management consider this unrest to be temporary and expects it to be resolved on a priority basis.

2.4 Acquisition of Subsidiaries

Specialized Technical Services Company BVI

In March 2024, the Group acquired 100% equity interest of Specialized Technical Services Company BVI (“STS”) for a purchase consideration of US\$ 27.852 million (KD 8.573 million) of which an amount of US\$ 16.697 million (KD 5.139 million) was paid during the period. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to US\$ 10.067 million (KD 3.095 million). The recognized amounts of net assets of STS as at the date of acquisition was US\$ 12.264 million (KD 3.775 million), resulting in a provisional goodwill of US\$ 15.588 million (KD 4.798 million). The provisional values assigned to the identifiable assets and liabilities as at the date of acquisition, are subject to review within one year of acquisition on finalization of the Purchase Price Allocation (PPA). STS is a company incorporated in British Virgin Islands engaged in providing digital transformation solutions in Jordan, KSA and other countries.

Xenon Electronic Payment Company W.L.L

During 2023, the Group acquired 83.39% equity interest of Xenon Electronic Payment Company W.L.L (“Bookeey”) for a purchase consideration of KD 2.437 million. The provisional values of recognized amounts of net assets of Bookeey as at the date of acquisition was KD 0.675 million, resulting in a goodwill of KD 1.874 million. During Q1 2024, the Group finalized the Purchase Price Allocation (“PPA”) exercise of Bookeey, and accordingly the consolidated interim financial information have been adjusted to reflect the PPA adjustment to the provisional amounts. The adjustments resulted in an increase in ‘License’ by KD 1.866 million, increase in ‘non-controlling interest’ by KD 0.310 million and decrease in Goodwill by KD 1.556 million in the Group’s consolidated interim financial information as at the acquisition date. The cumulative impact of these PPA related adjustments was passed in Q1 2024.

3. Cash and cash equivalents

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
	KD ‘000	KD ‘000	KD ‘000
Cash on hand and at banks	202,546	190,339	224,474
Short-term deposits with banks	40,642	150,365	84,115
Government certificates of deposits held by subsidiaries	3	6	8
	<u>243,191</u>	<u>340,710</u>	<u>308,597</u>
Expected credit loss	(26,730)	(27,163)	(29,263)
Cash and bank balances as per condensed consolidated interim statement of financial position	216,461	313,547	279,334
Cash at bank under lien and deposits with original maturity over 3 months	(6,461)	(1,092)	(1,874)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(3)	(6)	(8)
Cash and cash equivalent in the condensed consolidated interim statements of cash flows	<u>209,997</u>	<u>312,449</u>	<u>277,452</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

4. Bank balances held in customers' account

Bank balances held in customers' Account as part of electronic payment services provided by the Group are presented separately from cash and cash equivalents in the condensed consolidated interim statement of financial position of the Group. The regulations in respective locations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents.

During the year 2023 Group management decided to present these Bank balances held in customers account separately from the other bank balances in order to achieve better presentation. The comparative amounts for 30 June 2023 have been reclassified from cash and cash equivalent to Bank balances held in customers' account (KD 10.086 million) in line with the current condensed consolidated interim financial information.

5. Assets and liabilities classified as held for sale.

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 (31 December 2023 – Kuwait, 30 June 2023 – Kuwait, KSA and Iraq) as follows.

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
			Restated
	KD '000	KD '000	KD '000
Telecom tower assets	855	855	43,106
Right of use of assets	3,178	3,169	78,898
	4,033	4,024	122,004
Lease liabilities	909	1,010	61,669

These are expected to be sold within one year.

6. Investments in associates and joint venture

6.1 Investments in associates

	Unaudited		Audited		Unaudited	
	30 June 2024		31 December 2023		30 June 2023	
	%	KD '000	%	KD '000	%	KD '000
IHS Kuwait Limited ("IHS")	30	1,349	30	1,055	30	834
TASC Towers Holding Limited ("TASC")	92.87	116,445	92.87	117,912	83.50	25,964
Entertainment Content Trading Company WLL ("Playhera MENA")	30	554	30	554	30	693
Others		557		561		731
		118,905		120,082		28,222

IHS

IHS became operational in February 2020 pursuant to the sale and lease back of telecommunication towers transaction with the Company.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

TASC

The Group determines that it does not have the control over TASC on the basis that the Group does not have majority representation in the Board under the terms agreed in the agreement between TASC shareholders.

The carrying value of the associates and its results for the period are determined by Group management using the equity method based on management information provided by the associates.

In December 2023, the Group signed definitive agreements with Ooredoo Group Q.P.S.C (“Ooredoo”) for a merger transaction to combine both company’s passive infrastructures (towers) via a cash and share deal. The Group and Ooredoo will contribute assets and cash to the newly formed tower company to retain a 49.3% stake each in the newly formed tower company. The transaction (initial market closings) is in progress and is expected to be completed during the year.

6.2 Investments in joint venture

	Unaudited		Audited		Unaudited	
	30 June 2024		31 December 2023		30 June 2023	
	%	KD ‘000	%	KD ‘000	%	KD ‘000
Zain Al Ajjal S.A. (“Zain Ajjal”)	50	88,375	50	86,390	50	83,950
		<u>88,375</u>		<u>86,390</u>		<u>83,950</u>

This represents Group’s interest in the joint venture, Zain Al Ajjal 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). The carrying value of this joint venture and its results for the period are determined by Group management using equity method based on management information provided by Wana Corporate.

7. Property and equipment

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
	KD ‘000	KD ‘000	KD ‘000
Net fixed assets	872,827	889,290	899,152
Capital work in progress	143,772	219,760	112,307
	<u>1,016,599</u>	<u>1,109,050</u>	<u>1,011,459</u>

During the six-months period ended 30 June 2024, the Group acquired property and equipment amounting to KD 34.948 million (30 June 2023: KD 41.941 million). Depreciation charged for the period amounted to KD 96.552 million (30 June 2023: KD 95.976 million).

The Group has recognized an impairment loss of KD 5.990 million (30 June 2023: Nil) for property and equipment during the period ended 30 June 2024 (note 2.3).

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

8. Intangible assets and goodwill

	Unaudited 30 June 2024 KD '000	Audited 31 December 2023 KD '000	Unaudited 30 June 2023 KD '000
Intangible assets	1,448,165	1,492,790	1,528,352
Goodwill	534,930	533,808	585,505
Capital work in progress	10,010	10,026	6,323
	<u>1,993,105</u>	<u>2,036,624</u>	<u>2,120,180</u>

During the six-months period ended 30 June 2024, the Group acquired intangible assets amounting to KD 13.843 million (30 June 2023: KD 12.751 million). Amortization charged for the period amounted to KD 53.949 million (30 June 2023: KD 51.696 million).

During the period the Group recognized additional goodwill of KD 4.798 million as a result of acquisition of STS (note 2.4). This is provisional goodwill and subject to PPA.

9. Bank borrowings

	Unaudited 30 June 2024 KD '000	Audited 31 December 2023 KD '000	Unaudited 30 June 2023 KD '000
<i>Company</i>			
Short term loans	-	24,576	15,375
Long term loans	642,439	562,363	577,861
	<u>642,439</u>	<u>586,939</u>	<u>593,236</u>
<i>Mobile Telecommunications Company Saudi Arabia ("SMTC")</i>			
Long term loans	500,961	428,019	451,393
	<u>500,961</u>	<u>428,019</u>	<u>451,393</u>
<i>Pella Investment Company ("Pella")</i>			
Long term loans	79,745	79,875	79,948
	<u>79,745</u>	<u>79,875</u>	<u>79,948</u>
<i>Atheer Telecom Iraq Limited ("Atheer")</i>			
Bank overdrafts	-	514	-
Long term loans	200,889	216,191	232,545
	<u>200,889</u>	<u>216,705</u>	<u>232,545</u>
<i>Others</i>			
Short term loans	872	-	-
Long term loans	854	-	166
	<u>1,726</u>	<u>-</u>	<u>166</u>
	<u>1,425,760</u>	<u>1,311,538</u>	<u>1,357,288</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

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

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
	KD '000	KD '000	KD '000
Opening balance	1,311,538	1,366,558	1,366,558
Proceeds from bank borrowings	218,818	142,860	106,633
Repayment of bank borrowings	(107,658)	(207,361)	(121,782)
On acquisition of a subsidiary	2,314	-	-
Effect of change in foreign exchange rates	748	9,481	5,879
	1,425,760	1,311,538	1,357,288

The current and non-current amounts are as follows:

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
	KD '000	KD '000	KD '000
Current liabilities	184,394	169,881	157,405
Non-current liabilities	1,241,366	1,141,657	1,199,883
	1,425,760	1,311,538	1,357,288

The carrying amounts of the Group's bank borrowings are denominated in the following currencies equivalent to Kuwaiti Dinar:

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
	KD '000	KD '000	KD '000
US Dollar	462,992	550,097	630,591
Kuwaiti Dinar	542,109	413,294	397,284
Saudi Riyals	420,659	348,147	329,413
	1,425,760	1,311,538	1,357,288

The average effective interest rate as at 30 June 2024 was 6.80% (31 December 2023 – 6.52%; 30 June 2023 – 6.07%) 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 ended 30 June 2024, the Company has:

- 1) drawn down loans amounting to KD 145 million from existing and new facilities (31 December 2023 - KD 150.607 million, 30 June 2023: KD 116.374 million). This includes:
 - KD 100 million of long-term facility amounting to KD 100 million.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

- KD 30 million of long-term facility amounting to KD 30 million.
 - KD 15 million of long-term facility amounting to KD 75 million.
- 2) repaid loans amounting to KD 89.625 million (31 December 2023 – KD 125.484 million, 30 June 2023: KD 118.280 million). This includes:
- US\$ 80 million (KD 24.608 million) of a revolving credit facility amounting to US\$ 130 million.
 - US\$ 145 million (KD 44.602 million) of a term loan facility amounting to US\$ 200 million.
 - KD 15 million of a revolving credit facility amounting to KD 100 million.

The above facilities carry a fixed margin over three-month CME term Secured Overnight Financing Rate (CME term SOFR) or over the Central Bank Discount rate.

SMTC

Long-term loans include:

- 1) SAR 5,323 million (KD 435.233 million) (31 December 2023: SAR 5,233 million equivalent to KD 428.059 million, 30 June 2023: SAR 5,518 million equivalent to KD 451.393 million) syndicated murabaha 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:

- a. Includes a Total Term Murabaha Facility of SAR 6,000 million (KD 490.620 million), consisting of SAR 4,880 million (KD 399.038 million) and US\$ portion of SAR 1,120 million (KD 91.582 million) for refinancing of the existing Term Murabaha Facility amounting to SAR 3,480 million (KD 284.560 million) and balance for future specified business purposes. SAR 2,560 million (KD 209.331 million) of the syndicated loan has been hedged through a profit rate swap contract.
- b. Includes a revolving working capital facility of SAR 1,000 million (KD 81.770 million) consisting of SAR 813.393 million (KD 66.511 million) and a US\$ portion totaling to SAR 186.607 million (KD 15.259 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.

- 2) During the period, SMTC signed with Al Rajhi bank in KSA for SAR 1,125 million (KD 91.991 million) facility to fund for the CAPEX payment against several projects and receivables discounting banking facility up to SAR 500 million (KD 40.885 million). SMTC have availed SAR 565 million (KD 46.200 million) of the CAPEX facility and SAR 250 million (KD 20.443 million) of the account receivable factoring facility as at the reporting period. The interest amounting to SAR 2.7 million (KD 0.221 million) has been capitalized by SMTC during six months ended 30 June 2024, based on effective interest rate of the loan.

Pella

Long term loans include:

- 1) US\$ 160 million (KD 49.072 million) (31 December 2023 – US\$ 160 million equivalent to KD 49.152 million, 30 June 2023 – US\$ 160 million equivalent to KD 49.199 million) term loan from a commercial bank which is repayable by 11 October 2025.
- 2) US\$ 100 million (KD 30.760 million) (31 December 2023 – US\$ 100 million equivalent to KD 30.720 million, 30 June 2023 – US\$ 100 million equivalent to KD 30.749 million) term loan from a commercial bank which is repayable by 30 April 2027.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

Atheer

Long term loans include:

- 1) US\$ 50 million (KD 15.335 million) (31 December 2023 – US\$ 50 million equivalent to KD 15.360 million, 30 June 2023 – US\$ 70 million equivalent to KD 21.525 million) term loan from a commercial bank which is repayable by 17 December 2024.
- 2) US\$ 105 million (KD 32.204 million) (31 December 2023 – US\$ 105 million equivalent to KD 32.256 million, 30 June 2023 – US\$ 105 million equivalent to KD 32.288 million) term loan from a commercial bank which is repayable by 30 June 2026.
- 3) US\$ 125 million (KD 38.338 million) (31 December 2023 – US\$ 125 million equivalent to KD 38.400 million, 30 June 2023 – US\$ 150 million equivalent to KD 46.125 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2025.
- 4) US\$ 100 million (KD 30.670 million) (31 December 2023 – US\$ 100 million equivalent to KD 30.720 million, 30 June 2023 – US\$ 100 million equivalent to KD 30.750 million) term loan from a commercial bank which is repayable by 30 July 2026.
- 5) US\$ 50 million (KD 15.335 million) (31 December 2023 – US\$ 50 million equivalent to KD 15.360 million, 30 June 2023 – US\$ 50 million equivalent to KD 15.375 million) term loan from a commercial bank which is repayable by 24 April 2027.
- 6) US\$ 125 million (KD 38.338 million) (31 December 2023 – US\$ 125 million equivalent to KD 38.400 million, 30 June 2023 – US\$ 125 million equivalent to KD 38.438 million) term loan from a commercial bank which is repayable by 03 May 2025.
- 7) US\$ 100 million (KD 30.670 million) (31 December 2023 – US\$ 100 million equivalent to KD 30.720 million, 30 June 2023 – US\$ 100 million equivalent to KD 30.750 million) term loan from a commercial bank which is repayable by 24 August 2024.

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

10. Other non-current liabilities

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
	KD '000	KD '000	KD '000
Payable to Ministry of Finance – Saudi Arabia (refer below)	122,472	158,207	158,207
Due on acquisition of spectrum	141,509	157,206	163,644
Customer deposits	4,477	4,519	4,477
Post-employment benefits	54,666	51,466	49,246
Others	964	3,783	3,701
	324,088	375,181	379,275

During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that were due until 2021. The amounts are repayable in seven years starting from June 2021.

In February 2023, SMTC signed a revised agreement with the Ministry of Finance (“MOF”), Kingdom of Saudi Arabia under which the existing deferral of payment to MOF along with commercial commission payable was converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The liability matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity, starting from June 2023.

The current portion of these payables, including finance cost amounts to, SAR 447.986 million (KD 36.631 million) is recorded under trade and other payables (31 December 2023 – SAR 657.328 million (KD 53.769 million), 30 June 2023 – SAR 562.529 million (KD 46.015 million)).

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

11. Share capital

The authorized, issued and fully paid-up share capital (in cash and bonus shares) as of 30 June 2024 is 4,327,058,909 shares (31 December 2023 – 4,327,058,909; 30 June 2023 - 4,327,058,909) of 100 fils each.

Dividend

The annual general meeting of shareholders for the year ended 31 December 2023 held on 6 May 2024 approved distribution of a cash dividend of 25 fils per share to the registered shareholders, for the second half of the year 2023, after obtaining necessary regulatory approvals. This is in addition to the interim dividend of 10 fils distributed earlier in 2023 totaling 35 fils per share for the year 2023 (31 December 2022 – 35 fils per share).

Interim dividend

The Board of Directors in their meeting held on 07 August 2024, 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)	
	2024	2023	2024	2023
	KD'000	KD'000	KD'000	KD'000
(Loss) / gain from investment securities at fair value through profit or loss (FVTPL)	(561)	250	2,464	943
Dividend income	108	35	108	35
	(453)	285	2,572	978

13. Finance costs

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2024	2023	2024	2023
	KD'000	Restated KD'000	KD'000	Restated KD'000
Interest on bank borrowings	21,949	21,332	43,253	41,679
Finance cost on lease liabilities	3,772	2,882	7,097	6,690
Interest relating to license and spectrum payable	2,369	2,342	4,750	4,563
Interest on amount payable to Ministry of Finance (KSA)	3,446	2,643	7,081	5,501
Others	1,037	882	2,099	1,634
	32,573	30,081	64,280	60,067

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

14. 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)	
	2024	2023	2024	2023
		Restated		Restated
	KD'000	KD'000	KD'000	KD'000
Profit for the period attributable to shareholders of the Company	52,196	57,186	81,420	128,784
	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	12	13	19	30

15. 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 2024 (Unaudited)

	30 June 2024							Total KD '000
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	
Segment revenues – airtime, data, subscriptions and other services (Point over time)	123,338	78,613	36,141	157,631	24,984	372,162	31,929	824,798
Segment revenues - trading income (Point in time)	62,649	4,207	1,210	925	6,355	44,648	55	120,049
Net profit before interest and tax	40,516	20,936	18,568	30,980	2,334	42,599	(5,723)	150,210
Interest income	1,612	161	780	428	130	1,618	96	4,825
Finance costs	(489)	(6,958)	(601)	(12,266)	(490)	(30,163)	(412)	(51,379)
Income tax expenses	-	(3,573)	(1,625)	(2,544)	-	-	(205)	(7,947)
	<u>41,639</u>	<u>10,566</u>	<u>17,122</u>	<u>16,598</u>	<u>1,974</u>	<u>14,054</u>	<u>(6,244)</u>	<u>95,709</u>
<i>Unallocated items:</i>								
Investment income								2,572
Share of results of associates and joint venture								458
Others (including unallocated interest income, income tax and finance costs net of eliminations)								(3,450)
Profit for the period								<u>95,289</u>
Segment assets including allocated goodwill	431,836	406,790	87,265	1,001,270	94,428	2,202,979	179,754	4,404,322
ROU assets	14,707	10,362	1,036	20,370	14,434	84,379	2,622	147,910
<i>Unallocated items:</i>								
Investment securities at FVTPL								37,271
Investment securities at FVOCI								10,769
Investment in associates and joint venture								205,134
Others (net of eliminations)								129,348
Consolidated assets								<u>4,934,754</u>
Segment liabilities	191,982	152,533	26,782	151,989	25,284	796,567	192,307	1,537,444
Lease liabilities (current and non-current)	19,790	12,671	894	28,451	14,647	111,186	2,329	189,968
Bank borrowings	-	79,745	-	200,889	-	500,961	1,726	783,321
	<u>211,772</u>	<u>244,949</u>	<u>27,676</u>	<u>381,329</u>	<u>39,931</u>	<u>1,408,714</u>	<u>196,362</u>	<u>2,510,733</u>
<i>Unallocated items:</i>								
Bank borrowings								642,439
Others (net of eliminations)								(70,183)
Consolidated liabilities								<u>3,082,989</u>
Net consolidated assets								<u>1,851,765</u>
Capital expenditure incurred during the period	15,737	583	8,278	8,554	982	9,100	4,996	48,230
Unallocated (net of eliminations)								561
Total capital expenditure								<u>48,791</u>
Depreciation, amortization and impairment	22,024	12,460	7,423	29,811	5,590	75,845	3,664	156,817
Amortization of ROU assets	3,746	693	210	1,678	1,823	11,108	243	19,501
Unallocated (net of elimination)								(326)
Total depreciation, amortization and impairment								<u>175,992</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

	30 June 2023							Total KD '000 Restated
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000 Restated	KD '000	
Segment revenues – airtime, data, subscriptions and other services (Point over time)	127,632	75,881	91,438	138,323	23,337	348,255	22,674	827,540
Segment revenues - trading income (Point in time)	44,980	3,983	1,377	1,052	6,839	43,384	558	102,173
Net profit before interest and tax	62,228	21,511	44,202	17,184	2,471	37,816	(5,313)	180,099
Interest income	1,310	338	1,768	191	139	3,097	98	6,941
Gain on sale and lease back transaction	-	-	-	9,905*	-	93,501	-	103,406
Finance costs	(391)	(6,268)	(625)	(13,156)	(385)	(27,906)	(111)	(48,842)
Income tax expenses	-	(3,919)	(3,700)	(1,029)	-	-	(79)	(8,727)
	<u>63,147</u>	<u>11,662</u>	<u>41,645</u>	<u>13,095</u>	<u>2,225</u>	<u>106,508</u>	<u>(5,405)</u>	<u>232,877</u>
<i>Unallocated items:</i>								
Investment income								978
Share of results of associates and joint venture								576
Others (including unallocated interest income, income tax and finance costs net of eliminations)								(36,103)
Profit for the period								<u>198,328</u>
Segment assets including allocated goodwill	457,540	386,742	173,366	1,068,530	96,993	2,221,493	136,605	4,541,269
ROU assets	11,183	9,265	3,112	5,882	13,026	63,211	1,691	107,370
<i>Unallocated items:</i>								
Investment securities at FVTPL								35,207
Investment securities at FVOCI								7,978
Investment in associates and joint venture								110,298
Others (net of eliminations)								217,862
Consolidated assets								<u>5,019,984</u>
Segment liabilities	189,166	142,730	81,142	157,132	29,517	834,941	138,834	1,573,462
Lease liabilities (current and non-current)	17,143	11,442	1,855	5,436	13,102	92,642	1,569	143,189
Bank borrowings	-	79,948	-	232,547	-	451,393	165	764,053
	<u>206,309</u>	<u>234,120</u>	<u>82,997</u>	<u>395,115</u>	<u>42,619</u>	<u>1,378,976</u>	<u>140,568</u>	<u>2,480,704</u>
<i>Unallocated items:</i>								
Bank borrowings								593,235
Others (net of eliminations)								(22,764)
Consolidated liabilities								<u>3,051,175</u>
Net consolidated assets								<u>1,968,809</u>
Capital expenditure incurred during the period	9,518	639	17,253	7,472	691	8,244	10,812	54,629
Unallocated (net of eliminations)								63
Total capital expenditure								<u>54,692</u>
Depreciation, amortization and impairment	21,588	10,883	2,082	29,814	4,815	75,962	3,070	148,214
Amortization of ROU assets	3,544	716	393	1,298	1,662	9,838	188	17,639
Unallocated (net of elimination)								(1,375)
Total depreciation, amortization and impairment								<u>164,478</u>

*Eliminated at Group level.

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2024 (Unaudited)

16. 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)	
	2024	2023	2024	2023
	KD'000	KD'000	KD'000	KD'000
Revenue from Parent Company	3,999	2,121	4,298	5,032
Cost of sales from Parent Company	2,832	3,227	4,149	7,504
Operating expenses from Parent Company	1,297	-	1,297	-

Key management compensation

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2024	2023	2024	2023
	KD'000	KD'000	KD'000	KD'000
Salaries and other short term employee benefits	791	656	1,500	1,319
Post-employment benefits	98	93	541	251

Balances

	Unaudited	Audited	Unaudited
	30 June 2024	31 December 2023	30 June 2023
	KD '000	KD '000	KD '000
Trade receivables (from parent company)	1,731	8,791	5,085
Trade payables (to parent company)	5,517	12,172	7,696

17. Commitments and contingencies

	Unaudited	Audited	Unaudited
	30 June 2024	31 December 2023	30 June 2023
	KD '000	KD '000	KD '000
Capital commitments	313,816	87,371	148,046
Uncalled capital of investee companies	673	366	373
Letters of guarantee and credit	60,113	58,015	52,026

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2024 (Unaudited)

Atheer - Iraq

On 10 September 2023, the Communication and Media Commission of Iraq (“CMC”) imposed a fine of US\$ 75 million (KD 23.003 million) on Atheer for failing to meet 4G QoS (‘Quality of Service’) KPIs for the year 2022. Atheer’s believes that there is an error in the fine calculation regarding coverage obligation. On 9 October 2023, Atheer challenged the decision before the Appeals Board. On 13 June 2024, the Appeals Board issued a decision in favor of CMC. Atheer will submit a petition to the Board of Commissioners (the legislative body of the CMC), articulating that the petition stems from a fundamental error, requesting them to cancel the fine. Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable.

Pella - Jordan

Pella is a defendant in multiple lawsuits amounting to KD 22.270 million (31 December 2023 – KD 22.613 million, 30 June 2023 – KD 22.639 million). Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable.

SMTC

- a. SMTC received withholding tax assessments from Zakat, Tax and Customs Authority (“ZATCA”) for an additional amount of SAR 252 million (KD 20.606 million) for certain withholding tax items for the years from 2012 to 2021. SMTC has appealed these assessments against the relevant committees. SMTC believes that the outcome of those appeals will be in its favor with no material financial impact as SMTC has sufficient provisions to cover these amounts.
- b. In accordance with the Net Telecommunications Revenue Base Regulations for Licensed Service Providers (the regulation) as issued by Communications, Space and Technology Commission in KSA (CST), SMTC is required to submit quarterly Net Telecom Revenue forms (NTR forms) including NTR base.

Due to absence of reasonable assurance report on the submitted NTR forms for the period ended 31 March 2023, during 3rd quarter of 2023, SMTC has received an invoice from CST amounting to SAR 266 million (KD 21.751 million) which was calculated based on the revenue as reported in the condensed consolidated interim financial information for the period ended 31 March 2023 instead of NTR base for the respective period which resulted in SAR 97 million (KD 7.932 million) being additional amount. The reasonable assurance report was subsequently submitted. Till the quarter ended 30 June 2024 the Group has adjusted SAR 89.2 million (KD 7.294 million) amount against above advance payments to CST.

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.

18. Financial instruments

18.1 Categories of financial assets and liabilities

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

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2024	2023	2023
	KD ‘000	KD ‘000	KD ‘000
Amortized costs:			
Cash and bank balances	216,461	313,547	279,334
Trade and other receivables	830,047	778,585	782,762
Other assets	17,652	14,326	17,160
Investment securities at FVTPL	37,271	35,130	84,716
Investment securities at FVOCI	11,663	11,698	19,617

All financial liabilities are categorized at amortized cost.

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2024 (Unaudited)

18.2 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 interim 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 2024

	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
Financial assets at fair value:				
Investment securities at FVTPL	-	9,375	27,896	37,271
Investment securities at FVOCI	2,567	2,882	6,214	11,663
Total assets	2,567	12,257	34,110	48,934

31 December 2023

	Level 1	Level 2	Level 3	Total
	KD '000	KD '000	KD '000	KD '000
Financial assets at fair value:				
Investment securities at FVTPL	-	11,054	24,076	35,130
Investment securities at FVOCI	2,204	2,911	6,583	11,698
Total assets	2,204	13,965	30,659	46,828

30 June 2023

	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
Financial assets at fair value:				
Investment securities at FVTPL	-	11,955	72,761	84,716
Investment securities at FVOCI	2,113	2,512	14,992	19,617
Total assets	2,113	14,467	87,753	104,333

During the period, there were no transfers between any of the fair value hierarchy levels.

Fair values of financial assets and liabilities are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than 12-months), it is assumed that the carrying amounts approximate to their fair value.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the year ended 31 December 2023 and 30 June 2023.

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2024 (Unaudited)

19. **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 had 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 interim statement of profit or loss as 'net monetary gain'.

20. **Derivative financial instruments**

On 22 September 2020, SMTC entered into profit rate swaps, which matures in 2025. The maturity of the profit rate swap has been extended till the extended maturity of the refinanced loan. The average contracted fixed interest rate ranges from 2% to 3%. The fair value of profit rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. As at reporting date all the critical terms of both hedge item and hedge instrument are the same, so the hedge is considered to be effective.

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 2024

	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges - Receive 3-month SIBOR/SOFR, Pay fixed profit rate</i>			
Profit rate swaps (maturing after one year)	5,489	-	209,331

At 31 December 2023

	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges – Receive 3-month SIBOR/SOFR, Pay fixed profit rate</i>			
Profit rate swaps (maturing after one year)	6,187	-	209,408

At 30 June 2023

	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges - Receive 3-month LIBOR/SIBOR, Pay fixed profit rate</i>			
Profit rate swaps (maturing after one year)	9,513	-	237,220

The derivative contracts are fair valued based on observable market inputs and are classified as level 2.

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2024 (Unaudited)

21. Effect of prior period restatement

Pursuant to reassessment the Groups' management concluded that on 8 January 2023, i.e. on first batch transfer, Financial Completion date was triggered and all respective conditions as set out in APA and MTSA were completed for all asset transfer. Consequently, the Group derecognized passive infrastructure of all the sites with corresponding realization of gain on condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income for the period ended 31 March 2023. Additionally, and in accordance with the terms and conditions of the MTSA with GLI, the Group leased back the right to use specified spaces on each site recognizing the right of use assets and lease liability on the same, with a corresponding gain on condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income. Accordingly, the previously reported amounts on condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income for the period ended 30 June 2023 has been adjusted to reflect changes of reassessment.

The ground leases for all sites, whether transferred or yet to be transferred but landlord consent is available, have been accounted in such a manner that the related right of use assets and lease liability have been derecognized with any resulting gain or loss on termination recognized in the condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income. For all other cases, the related carrying amounts of right of use assets and lease liability have been retained but reassessed for their lease term with any resulting gain or loss on modification recognized in the condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income.

A summary of the effect of the above restatements on the condensed consolidated interim financial information is as follows:

Condensed Consolidated Interim Statement of Profit or Loss and Condensed Consolidated Interim Statement of Comprehensive Income:

For the three months ended 30 June 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Operating and administrative expenses	(129,262)	(392)	(129,654)
Depreciation and amortization	(84,055)	(238)	(84,293)
Other expenses	1,636	405	2,041
Finance costs	(29,488)	(593)	(30,081)
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	<u>74,071</u>	<u>(818)</u>	<u>73,253</u>
Profit for the period	<u>65,480</u>	<u>(818)</u>	<u>64,662</u>
Profit attributable to:			
Shareholders of the Company	57,489	(303)	57,186
Non-controlling interests	7,991	(515)	7,476
Earnings per share	13	-	13
Basic and diluted – Fils			
Total comprehensive income attributable to:			
Shareholders of the Company	61,698	(303)	61,395
Non-controlling interests	8,484	(515)	7,969

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2024 (Unaudited)

For the six months ended 30 June 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Operating and administrative expenses	(268,924)	(972)	(269,896)
Depreciation and amortization	(164,003)	(475)	(164,478)
Other expenses	(8,432)	1,557	(6,875)
Gain on sale and lease back transaction	46,272	47,229	93,501
Finance costs	(58,880)	(1,187)	(60,067)
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	170,356	46,152	216,508
Profit for the period	152,176	46,152	198,328
Profit attributable to:			
Shareholders of the Company	111,687	17,097	128,784
Non-controlling interests	40,489	29,055	69,544
Earnings per share			
Basic and diluted – Fils	26	4	30
Total comprehensive income attributable to:			
Shareholders of the Company	115,417	17,097	132,514
Non-controlling interests	44,430	29,055	73,485

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Assets of disposal group classified as held for sale	228,261	(106,257)	122,004
Right of use of assets	79,836	27,534	107,370
Trade and other payables	1,166,300	(139,344)	1,026,956
Liabilities of disposal group classified as held for sale	84,696	(23,027)	61,669
Lease liabilities (non-current)	85,008	37,496	122,504
Retained earnings	396,510	17,097	413,607
Non-controlling interests	685,570	29,055	714,625

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2024 (Unaudited)

Condensed Consolidated Interim Statement of Cash Flows

As at 30 June 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Profit for the period before income tax, KFAS, NLST and Zakat	170,138	46,152	216,290
Depreciation and amortization	164,003	475	164,478
Finance costs	58,880	1,187	60,067
Gain on sale and lease back transaction	(46,272)	(47,229)	(93,501)
Operating cashflow before working capital changes	356,488	585	357,073
Decrease in trade and other payables	(74,435)	(585)	(75,020)