

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

**Condensed Consolidated Interim Financial Information (Unaudited)  
30 June 2021**

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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 2021 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*

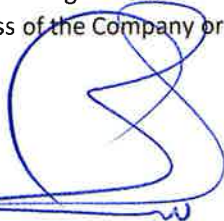
Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34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

**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 2021 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 2021 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.**

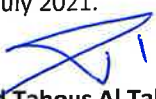
Kuwait  
14 July 2021

**Condensed Consolidated Statement of Financial Position as at 30 June 2021 (Unaudited)**

		Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020
	Note	KD '000		
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	3	281,281	393,060	375,157
Trade and other receivables		619,308	579,286	609,219
Contract assets		60,133	55,805	68,781
Inventories		44,671	51,102	52,824
Investment securities at FVTPL		10,642	9,785	7,854
Assets of disposal group classified as held for sale	4.b	6,781	6,917	6,350
		<u>1,022,816</u>	<u>1,095,955</u>	<u>1,120,185</u>
<b>Non-current assets</b>				
Contract assets		40,784	36,624	23,137
Investment securities at FVOCI		16,961	5,325	6,932
Investments in associates and joint venture	5	76,733	76,137	73,626
Other non-current assets		53,354	47,113	55,743
Right of use of assets		169,864	169,292	179,405
Property and equipment	6	1,167,046	1,313,582	1,241,592
Intangible assets and goodwill	7	2,184,409	2,167,536	2,199,535
		<u>3,709,151</u>	<u>3,815,609</u>	<u>3,779,970</u>
<b>Total Assets</b>		<u>4,731,967</u>	<u>4,911,564</u>	<u>4,900,155</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Trade and other payables		902,666	990,763	982,184
Deferred revenue		78,418	95,828	89,422
Income tax payables	8	17,860	20,530	61,276
Due to banks	9	288,772	176,546	244,740
Lease liabilities		35,142	38,410	38,659
Liabilities of disposal group classified as held for sale	4.b	1,232	1,316	1,247
		<u>1,324,090</u>	<u>1,323,393</u>	<u>1,417,528</u>
<b>Non-current liabilities</b>				
Due to banks	9	1,044,927	1,019,830	1,211,358
Lease liabilities		153,879	143,718	158,680
Other non-current liabilities	10	439,401	490,079	493,941
		<u>1,638,207</u>	<u>1,653,627</u>	<u>1,863,979</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		(1,493,864)	(1,390,619)	(1,381,833)
Investment fair valuation reserve		(3,796)	(3,966)	(1,030)
Other reserves		(4,766)	(5,383)	(5,453)
Retained earnings		303,158	359,180	259,436
		<u>1,156,956</u>	<u>1,315,436</u>	<u>1,227,344</u>
Non-controlling interests		612,714	619,108	391,304
<b>Total equity</b>		<u>1,769,670</u>	<u>1,934,544</u>	<u>1,618,648</u>
<b>Total Liabilities and Equity</b>		<u>4,731,967</u>	<u>4,911,564</u>	<u>4,900,155</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 14 July 2021.

  
**Ahmed Tahous Al Tahous**  
Chairman

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

Condensed Consolidated Statement of Profit or Loss – 30 June 2021 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		KD'000		KD'000	
Revenue		368,634	378,091	750,391	787,371
Cost of sales		(102,917)	(92,176)	(221,303)	(202,284)
Operating and administrative expenses		(109,983)	(109,295)	(210,207)	(227,903)
Depreciation and amortization		(88,487)	(91,624)	(175,284)	(179,804)
Expected credit loss on financial assets (ECL)		(3,442)	(12,007)	(8,475)	(21,499)
Interest income		497	1,137	1,649	2,522
Investment income/ (loss)	12	390	(86)	526	9
Share of results of associates and joint venture	5	416	42	650	439
Other income		4,962	2,532	9,943	1,298
Gain on sale and lease back transaction	4.a	629	-	629	4,758
Finance costs		(17,337)	(23,250)	(33,477)	(49,298)
Loss from currency revaluation		(2,269)	(9,148)	(7,529)	(9,209)
Net monetary gain/ (loss)	18	734	3,243	(630)	3,475
<b>Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration</b>		<b>51,827</b>	<b>47,459</b>	<b>106,883</b>	<b>109,875</b>
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)		(424)	(341)	(901)	(836)
National Labour Support Tax (NLST) and Zakat		(1,431)	(1,439)	(3,056)	(3,578)
Income tax expenses and other levies		(5,086)	(5,578)	(9,919)	(9,673)
Board of Directors' remuneration		(109)	(127)	(218)	(255)
<b>Profit for the period</b>		<b>44,777</b>	<b>39,974</b>	<b>92,789</b>	<b>95,533</b>
<b>Attributable to:</b>					
Shareholders of the Company		41,384	36,143	85,922	83,720
Non-controlling interests		3,393	3,831	6,867	11,813
		<b>44,777</b>	<b>39,974</b>	<b>92,789</b>	<b>95,533</b>
<b>Earnings per share</b>	13				
Basic and diluted – Fils		10	8	20	19

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 Profit or Loss and Other Comprehensive Income –  
30 June 2021 (Unaudited)**

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	KD'000		KD'000	
<b>Profit for the period</b>	44,777	39,974	92,789	95,533
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(7,056)	(18,060)	(107,858)	(4,830)
Other reserves	(663)	(877)	1,564	(6,374)
	<u>(7,719)</u>	<u>(18,937)</u>	<u>(106,294)</u>	<u>(11,204)</u>
<i>Items that will not be reclassified to profit or loss:</i>				
Changes in the fair value of equity investments at FVOCI	(15)	53	170	58
Total comprehensive income for the period	<u>37,043</u>	<u>21,090</u>	<u>(13,335)</u>	<u>84,387</u>
Total comprehensive income attributable to:				
Shareholders of the Company	36,696	21,622	(16,536)	71,377
Non-controlling interests	347	(532)	3,201	13,010
	<u>37,043</u>	<u>21,090</u>	<u>(13,335)</u>	<u>84,387</u>

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

Condensed Consolidated Statement of Changes in Equity – Six months ended 30 June 2021 (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
Balance 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)	-	-	-	-	-	-	(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
Balance as at 1 January 2020	432,706	1,707,164	216,354	(1,371,841)	(1,088)	(3,044)	318,509	379,839	1,678,599
Profit for the period	-	-	-	-	-	-	83,720	11,813	95,533
Other comprehensive income for the period	-	-	-	(9,992)	58	(2,409)	-	1,197	(11,146)
Total comprehensive income for the period	-	-	-	(9,992)	58	(2,409)	83,720	13,010	84,387
<i>Transactions with shareholders of the Company, recognized directly in equity</i>									
Cash dividends (2019)	-	-	-	-	-	-	(142,793)	(1,545)	(144,338)
Balance at 30 June 2020	432,706	1,707,164	216,354	(1,381,833)	(1,030)	(5,453)	259,436	391,304	1,618,648

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 2021 (Unaudited)

	Six months ended 30 June	
	2021	2020
	KD'000	
<b>Cash flows from operating activities</b>		
Profit for the period before income tax, KFAS, NLST and Zakat	106,665	109,620
Adjustments for:		
Depreciation and amortization	175,284	179,804
ECL on financial assets	8,475	21,499
Interest income	(1,649)	(2,522)
Investment income	(526)	(9)
Share of results of associates and joint venture	(650)	(439)
Finance costs	33,477	49,298
Gain on sale and lease back transaction	(629)	(4,758)
Loss from currency revaluation	7,529	9,209
Net monetary loss/ (gain)	630	(3,475)
Loss/ (gain) on sale of property and equipment	89	(49)
Operating profit before working capital changes	328,695	358,178
Increase in trade and other receivables and contract assets	(63,955)	(84,332)
Decrease/ (Increase) in inventories	4,509	(4,029)
(Decrease)/ Increase in trade and other payables	(78,244)	95,196
Cash generated from operations	191,005	365,013
Income tax paid	(13,787)	(17,125)
Paid to KFAS	-	(674)
National Labour Support Tax and Zakat paid	(5,908)	(10,374)
<i>Net cash from operating activities</i>	<u>171,310</u>	<u>336,840</u>
<b>Cash flows from investing activities</b>		
Deposits maturing after three months and cash at bank under lien (note 3)	29,127	3,312
Investments in securities	(516)	(961)
Proceeds from sale of investments	187	1,213
Investment in subsidiaries	(5,037)	-
Investment in associate	-	(553)
Acquisition of property and equipment (net)	(93,934)	(105,763)
Acquisition of intangible assets (net)	(116,323)	(20,563)
Proceeds from sale of telecom assets (sale and lease back - note 4.a)	1,088	19,485
Interest received	1,294	3,088
<i>Net cash used in investing activities</i>	<u>(184,114)</u>	<u>(100,742)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	371,165	123,204
Repayment of bank borrowings	(224,096)	(86,614)
Repayment of lease liabilities	(25,449)	(23,786)
Dividends paid to Company's shareholders	(140,245)	(132,157)
Dividends paid to minority shareholders of subsidiaries	(650)	(629)
Finance costs paid – due to banks	(25,900)	(35,025)
<i>Net cash used in financing activities</i>	<u>(45,175)</u>	<u>(155,007)</u>
Net (decrease)/ increase in cash and cash equivalents	(57,979)	81,091
Effect of foreign currency translation	(24,673)	393
Cash and cash equivalents at beginning of period	363,566	281,902
<b>Cash and cash equivalents at end of period (note 3)</b>	<u><u>280,914</u></u>	<u><u>363,386</u></u>

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

**1. Incorporation and activities**

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

The Company and its subsidiaries (the "Group") along with associates provide mobile telecommunication services in Kuwait and 7 other countries (31 December 2020 - Kuwait and 7 other countries; 30 June 2020 - Kuwait and 8 other countries) under licenses from the Governments of the countries in which they operate; purchase, deliver, install, manage and maintain mobile telephone and paging systems; and invest surplus funds in investment securities.

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

**2. Basis of preparation**

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

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

In 2015, the Group noted that the economy of the Republic of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when the Republic of Sudan went out of hyperinflation in 2016. The Republic of Sudan has been again declared as hyperinflationary in 2018. Based on the above matters, Group believes that there is no definitive basis to apply IAS 29 at this stage. However, Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 as of 30 June 2021.

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 2021, 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 2020.

**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 2020. Certain amendments and interpretations apply for the first time in 2021, but do not have an impact on the condensed consolidated interim financial information of the Group.

*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), Al Khatem (Atheer) and Zain South Sudan whose working capitals are in deficit. Based on business plans, the Group does not expect these conditions will have a material adverse impact on the operations of these Group companies.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (Unaudited)

*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:

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
			<b>KD ‘000</b>
Cash on hand and at banks	275,561	313,021	238,708
Short-term deposits with banks	23,035	97,923	152,546
Government certificates of deposits held by subsidiaries	11	89	-
	<u>298,607</u>	<u>411,033</u>	<u>391,254</u>
Expected credit loss	(17,326)	(17,973)	(16,097)
	<u>281,281</u>	<u>393,060</u>	<u>375,157</u>
Cash at bank under lien	(356)	(29,405)	(11,771)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(11)	(89)	-
Cash and cash equivalent in the condensed consolidated statements of cash flows	<u>280,914</u>	<u>363,566</u>	<u>363,386</u>

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

4.a) In February 2020, the Company completed the sale and lease back of 1,022 telecom towers in Kuwait classified as held for sale for a total sale consideration of US\$ 82.012 million (KD 24.981 million). Total gain from this transaction was KD 4.758 million which was recognized in the statement of profit or loss during the period ended 31 March 2020. The Company also assumed a minority shareholding in the newly formed Tower Company.

In October 2020, the Company completed the sale and lease back of additional 140 telecom towers in Kuwait for a total sale consideration of US\$ 11.235 million (KD 3.441 million). Total gain from this transaction was KD 1.447 million which was recognized in the statement of profit or loss during the year ended 31 December 2020.

In April 2021, the Company completed the sale and lease back of additional 67 telecom towers in Kuwait for a total sale consideration of US\$ 5.377 million (KD 1.619 million). Total gain from this transaction was KD 0.629 million which is recognized in the statement of profit or loss for the period ended 30 June 2021.

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

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

4.b) This represents the carrying value of remaining telecom tower assets amounting to KD 2.303 million (31 December 2020 – KD 3.060 million; 30 June 2020 – KD 3.060 million) and remaining right of use of assets amounting to KD 4.478 million (31 December 2020 – 3.857 million; 30 June 2020 – 3.290 million) and its related lease liabilities amounting to KD 1.232 million (31 December 2020 – 1.316 million; 30 June 2020 – 1.247 million), classified as held for sale. These are expected to be sold during 2021.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (Unaudited)

5. Investments in associates and joint venture

This includes Group's KD 74.565 million (31 December 2020 - KD 73.962 million; 30 June 2020: KD 73.332 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 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020
	KD '000		
Net fixed assets	1,055,436	1,158,896	1,124,972
Capital work in progress	111,610	154,686	116,620
	<u>1,167,046</u>	<u>1,313,582</u>	<u>1,241,592</u>

During the six-months period ended 30 June 2021, the Group acquired property and equipment amounting to KD 40.352 million (30 June 2020: KD 117.386 million). Depreciation charged for the period amounted to KD 98.657 million (30 June 2020: KD 105.308 million).

7. Intangible assets and goodwill

	Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020
	KD '000		
Intangible assets	1,601,893	1,562,074	1,588,685
Goodwill	582,516	605,462	610,850
	<u>2,184,409</u>	<u>2,167,536</u>	<u>2,199,535</u>

During the six-months period ended 30 June 2021, the Group acquired intangible assets amounting to KD 107.970 million (30 June 2020: KD 68.393 million). Amortization charged for the period amounted to KD 48.240 million (30 June 2020: KD 50.319 million).

8. Income tax payables

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

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 year 2012 is finalized and the amount paid by Atheer along with tax returns was treated as final assessment by the IGCT. Income tax self-assessment of US\$ 33.85 million (KD 10.280 million) for the year 2013 was also treated as final by the IGCT in March 2020. This amount has already been paid by Atheer.

During May 2020, Atheer received additional income tax claim of US\$ 67 million (KD 20.247 million) from IGCT for the years 2014 to 2018. Atheer agreed to accept this claim and has fully paid the amount in installments in 2020 and 2021.

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.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (Unaudited)

9. Due to banks

	Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020 KD '000
<i>Company</i>			
Short term loans	-	91,110	112,220
Long term loans	567,906	562,873	680,764
	<u>567,906</u>	<u>653,983</u>	<u>792,984</u>
<i>SMTC</i>			
Long term loans	469,051	310,651	496,443
	<u>469,051</u>	<u>310,651</u>	<u>496,443</u>
<i>Zain Jordan</i>			
Short term loans	48,144	28,848	-
	<u>48,144</u>	<u>28,848</u>	<u>-</u>
<i>Atheer – Iraq</i>			
Bank overdrafts	7,878	13,551	
Long term loans	240,720	189,343	166,668
	<u>248,598</u>	<u>202,894</u>	<u>166,668</u>
<i>Others</i>			
Long term loans	-	-	3
	<u>-</u>	<u>-</u>	<u>3</u>
	<u>1,333,699</u>	<u>1,196,376</u>	<u>1,456,098</u>

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

	Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020 KD '000
Opening balance	1,196,376	1,398,724	1,398,724
Proceeds from bank borrowings	371,165	261,335	123,204
Repayment of bank borrowings	(224,096)	(454,500)	(86,614)
Effect of change in foreign exchange rates	(9,746)	(9,183)	20,784
	<u>1,333,699</u>	<u>1,196,376</u>	<u>1,456,098</u>

The current and non-current amounts are as follows:

	Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020 KD '000
Current liabilities	288,772	176,546	244,740
Non-current liabilities	1,044,927	1,019,830	1,211,358
	<u>1,333,699</u>	<u>1,196,376</u>	<u>1,456,098</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (Unaudited)

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

	Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020 KD '000
US dollar	893,603	878,899	984,186
Kuwaiti dinar	25,000	30,970	66,099
Saudi Riyals	415,096	286,507	405,810
Others	-	-	3
	1,333,699	1,196,376	1,456,098

The effective interest rate as at 30 June 2021 was 0.821% to 2.40% (31 December 2020 - 0.855% to 3.50%; 30 June 2020 – 1.11% to 5.5%) 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);

During the period, the Company has:

- drawn down loans amounting to KD 100.802 million from the new facilities (31 December 2020 - KD 124.640 million).
  - US\$ 170 million (KD 51.153 million) from a new US\$ 330 million revolving credit facility.
  - US\$ 165 million (KD 49.649 million) from a new US\$ 165 million long- term loan facility.
- repaid loans amounting to KD 181.300 million (31 December 2020 – KD 149.344 million). This includes:
  - US\$ 200 million (KD 60.18 million) of a short-term facility amounting to US\$ 200 million.
  - US\$ 119.60 million (KD 35.988 million) of a revolving credit facility amounting to US\$ 219.60 million.
  - US\$ 100 million (KD 30.220 million) of a revolving credit facility amounting to US\$ 100 million.
  - US\$ 54.469 million (KD 16.39 million) of a long-term facility amounting to US\$ 205.261 million.
  - US\$ 29.009 million (KD 8.729 million) of a long-term facility amounting to US\$ 80.479 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*

Term loans include:

- 1) SAR 2,942 million (KD 236.507 million) (31 December 2020: SAR 1,591 million equivalent to KD 128.839 million) syndicated murabaha facility and SAR 650 million (KD 52.254 million) working capital facility availed from a consortium of banks.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (Unaudited)

In September 2020, SMTC signed an Amendment Agreement (the Agreement) with the consortium of lenders to refinance the existing Murabaha Facilities and secure additional funding for future capital investment. The existing murabaha facility which was earlier refinanced in June 2018 was for SAR 5,900 million and a working capital facility.

The Agreement:

- Includes a Total Term Murabaha Facility of SAR 6,000 million (KD 490.56 million), consisting of SAR 4.880 billion and US\$ portion of SAR 1.120 billion (KD 0.098 billion) for refinancing of the existing Term Murabaha Facility amounting to SAR 3.48 billion (KD 0.285 billion) and balance for future specified business purposes.
- Includes a revolving working capital facility of SAR 1,000 million (KD 81.76 million) consisting of SAR 813.393 million (KD 66.503 million) and a US\$ portion totaling to SAR 186.607 million (KD 15.257 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) SAR 2,243 million (KD 180.29 million) (31 December 2020: SAR 2,245 million equivalent to KD 181.812 million) syndicated junior murabaha facility signed in June 2019 from a consortium of banks with a two year tenure with an option to extend for one more year. This facility is fully secured by a guarantee by the Company.

*Zain Jordan*

Long term loans include:

US\$ 160 million (KD 48.144 million) (31 December 2020 – US\$ 95 million equivalent to KD 28.848 million) term loan from a commercial bank that is repayable by 2025.

*Atheer*

Long-term loans include:

- 1) US\$ 95 million (KD 28.5855 million) (31 December 2020 – US\$ 95 million equivalent to KD 28.852 million; 30 June 2020 - US\$ 100 million equivalent to KD 30.74 million) term loan from a commercial bank that is repayable by 17 December 2024.
- 2) US\$ 105 million (KD 31.595 million) (31 December 2020 – US\$ 105 million equivalent to KD 31.889 million; 30 June 2020 - US\$ 105 million equivalent to KD 32.277 million) term loan from a commercial bank which is repayable by 30 June 2023.
- 3) US\$ 150 million (KD 45.135 million) (31 December 2020 – US\$ 150 million equivalent to KD 45.555 million; 30 June 2020 - US\$ 150 million equivalent to KD 46.11 million) revolving credit facilities from a commercial bank repayable by 17 December 2022.
- 4) US\$ 100 million (KD 30.09 million) (31 December 2020 – US\$ 100 million equivalent to KD 30.37 million; 30 June 2020 - US\$ Nil) term loan from a commercial bank repayable by 31 July 2023.
- 5) US\$ 50 million (KD 15.045 million) (31 December 2020 – US\$ Nil; 30 June 2020 - US\$ Nil) term loan from a commercial bank repayable by 14 April 2024.
- 6) US\$ 75 million (KD 22.568 million) (31 December 2020 – US\$ Nil; 30 June 2020 - US\$ Nil) term loan from a commercial bank repayable by 28 April 2025.
- 7) US\$ 125 million (KD 37.613 million) (31 December 2020 – US\$ Nil; 30 June 2020 - US\$ Nil) term loan from a commercial bank repayable by 03 May 2025.
- 8) US\$ 100 million (KD 30.09 million) (31 December 2020 – US\$ Nil; 30 June 2020 - US\$ Nil) term loan from a commercial bank repayable by 25 May 2024.

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

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (Unaudited)

10. Other non-current liabilities

	Unaudited	Audited	Unaudited
	30 June 2021	31 December 2020	30 June 2020
	KD '000		
Payable to Ministry of Finance – Saudi Arabia (refer below)	239,210	283,480	282,890
Spectrum payable	132,878	112,558	119,888
Customer deposits	3,147	3,403	3,482
Post-employment benefits	39,677	39,571	38,511
Others	24,489	51,067	49,170
	<u>439,401</u>	<u>490,079</u>	<u>493,941</u>

During 2013, SMTC signed an agreement with the Ministry of Finance – Kingdom of Saudi Arabia to defer payments that are due until 2021. The current portion of these payables along with the accrued interest are recorded under trade and other payables.

11. Share capital

The authorized, issued and fully paid up (in cash and bonus shares) share capital as of 30 June 2021 is 4,327,058,909 shares (31 December 2020 – 4,327,058,909; 30 June 2020 - 4,327,058,909) of 100 fils each.

*Dividend*

The annual general meeting of shareholders for the year ended 31 December 2020 held on 17 March 2021 (31 December 2019 - 19 March 2020) approved distribution of cash dividends of 33 fils (31 December 2019 - 33 fils) per share amounting to KD 142,792,944 (31 December 2019 - KD 142,792,944) to be paid to the registered shareholders, after obtaining necessary regulatory approvals.

*Proposed interim dividend*

The Board of Directors in their meeting held on 14 July 2021, recommends distribution of 10 fils per share of interim dividend in cash, to the registered shareholders, subject to regulatory approvals.

12. Investment income/ (loss)

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2021	2020	2021	2020
	KD'000		KD'000	
Profit from investment securities at FVTPL	390	(86)	526	9
	<u>390</u>	<u>(86)</u>	<u>526</u>	<u>9</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)	
	2021	2020	2021	2020
	KD'000		KD'000	
Profit for the period attributable to shareholders	41,384	36,143	85,922	83,720
	<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	10	8	20	19

**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.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (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							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							(221)
<b>Total depreciation and amortization</b>							175,284

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2021 (Unaudited)

	30 June 2020						Total KD '000	
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA		Others
<b>Segment revenues – airtime, data &amp; subscriptions (Point over time)</b>	119,091	69,520	54,271	141,957	20,628	294,661	18,127	718,255
<b>Segment revenues - trading income (Point in time)</b>	33,543	2,477	410	544	4,976	27,108	58	69,116
<b>Net profit before interest and tax</b>	32,680	16,954	8,096	19,265	2,177	53,898	7,909	140,979
Interest income	586	238	142	449	90	802	71	2,378
Gain on sale and lease back transaction	4,758	-	-	-	-	-	-	4,758
Finance costs	(274)	(3,078)	(165)	(7,578)	(511)	(41,245)	(31)	(52,882)
Income tax expenses	-	(3,515)	(3,396)	(2,518)	-	-	(253)	(9,682)
	37,750	10,599	4,677	9,618	1,756	13,455	7,696	85,551
<i>Unallocated items:</i>								
Investment income								9
Share of results of associates and joint venture								439
Others (including unallocated interest income, income tax and finance costs net of eliminations)								9,534
<b>Profit for the period</b>								95,533
<b>Segment assets including allocated goodwill</b>	416,941	303,556	134,092	1,079,465	86,125	2,247,421	76,634	4,344,234
ROU assets	7,527	17,894	1,834	29,335	9,288	113,327	200	179,405
<i>Unallocated items:</i>								
Investment securities at FVTPL								7,854
Investment securities at FVOCI								6,932
Investment in associates and joint venture								73,626
Others								288,104
<b>Consolidated assets</b>								4,900,155
<b>Segment liabilities</b>	147,278	141,903	49,241	221,308	25,252	1,355,838	74,567	2,015,387
Lease liabilities (current and non-current)	13,787	18,468	1,679	32,989	9,437	120,805	174	197,339
Due to banks	-	-	-	166,668	-	496,443	3	663,114
	161,065	160,371	50,920	420,965	34,689	1,973,086	74,744	2,875,840
<i>Unallocated items:</i>								
Due to banks								792,984
Others								(387,317)
<b>Consolidated liabilities</b>								3,281,507
<b>Net consolidated assets</b>								1,618,648
Capital expenditure incurred during the period	8,205	2,245	13,505	3,544	134	151,843	5,855	185,331
Unallocated								448
<b>Total capital expenditure</b>								185,779
Depreciation of property and equipment and amortization of intangible assets	16,384	12,987	4,751	30,294	4,403	82,759	2,105	153,683
Amortization of ROU assets	2,996	1,826	141	3,310	1,738	14,422	93	24,526
Unallocated								1,595
<b>Total depreciation and amortization</b>								179,804

Notes to the Condensed Consolidated Interim Financial Information – 30 June 2021 (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)	
	2021	2020	2021	2020
	KD'000		KD'000	
Revenue	569	616	674	1,508
Cost of sales	1,386	1,685	2,739	3,983

Key management compensation

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2021	2020	2021	2020
	KD'000		KD'000	
Salaries and other short term employee benefits	755	880	1,466	1,809
Post-employment benefits	166	308	444	1,004

Balances

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2021	2020	2020
	KD '000		
Trade receivables	1,563	3,823	4,955
Trade payables	3,012	6,302	4,042

16. Commitments and contingencies

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2021	2020	2020
	KD '000		
Capital commitment	97,806	91,441	184,187
Uncalled share capital of investee companies	2,210	3,105	2,368
Letters of guarantee and credit	73,164	76,786	85,436

The Company is a guarantor for credit facilities amounting to KD 7.221 million (31 December 2020 - KD 7.288 million; 30 June 2020 - KD 7.377 million) granted by a bank to a founding shareholder in SMTC. The Company believes that the collaterals provided by the founding shareholder to the bank, covers the credit facilities.

*Income taxes in Iraq*

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 58.976 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 26.719 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 issue the final settlement order and is awaiting a response. On the basis of the report of its attorneys, Atheer believes that the possibility of further appeals is remote and that the final settlement order will be received by Atheer.

**Notes to the Condensed Consolidated Interim Financial Information – 30 June 2021 (Unaudited)**

Atheer received additional income tax claim of US\$ 19.3 million (KD 5.807 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.

*• Renewal of license in Iraq*

On 6 July 2020, the CMC Board decided to renew Atheer's license for an additional eight years ending on August 30, 2030, and to grant license for the operation of fourth generation of broadband cellular network technology (4G) starting from January 1, 2021. On 7 July 2020, the Iraqi Cabinet ratified this decision. In August 2020, this decision was challenged by a member of parliament, and later by the president of the parliament as a second plaintiff, against the Iraqi Cabinet, CMC and three operators in Iraq ("the defendants") in the Court of First Instance. On 25 August 2020, the Court of First Instance issued a restraining order to prevent CMC from completing the executive procedures of the license extension and granting of 4G license.

The defendants challenged the restraining order before the Court of First Instance and later in the Court of Appeals, but it was rejected by both in September and October 2020 respectively. The hearing of the main lawsuit started in September 2020. On 15 November 2020, the Court of First Instance issued a decision against the defendants. However, the decision did not object to the extension of existing license and granting of 4G license, but it did not approve the procedures followed in forming the decision dated 6 July 2020, as the quorum in CMC Board was insufficient. To address this, on 24 November 2020, the CMC Board issued a new decision for renewal of Atheer's license which was similar to the decision dated 6 July 2020 but was signed with complete quorum. On 26 November 2020, the defendants challenged the decision of Court of First Instance dated 15 November 2020 in the Court of Appeals. On 23 December 2020, the Court of Appeals confirmed the earlier decision of Court of First Instance. However, the Court of Appeals confirmed the legitimacy of CMC Board decision dated 24 November 2020. Based on this decision, Atheer signed the agreement for license extension with CMC on 7 January 2021. One member of the Parliament has challenged the Court decision and Atheer challenged the same on 20 January 2021. On 24 April 2021 the Cassation Court upheld the decision of the Court of Appeals which confirmed CMC procedure of granting extra 8 years license and accordingly, the case has been closed.

*Pella - Jordan*

Pella is a defendant in lawsuits amounting to KD 22.168 million (31 December 2020 – KD 43.636 million; 30 June 2020 – KD 34.228 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella. Pella has initiated legal proceedings against a claim of KD 9.464 million (31 December 2020 - KD 9.551 million; 30 June 2020 – KD 9.667 million) by a regulatory authority for the years 2002 - 2005 on the grounds that it has already paid the amount that it was obligated to pay for those years. Based on the report of its attorneys, the Group expects the outcome to be favorable to Pella. Pella has also initiated legal proceedings against the regulatory authorities claiming refund of excess license fee paid amounting to KD 9.578 million (31 December 2020 - KD 9.666 million; 30 June 2020 – KD 9.783 million) of earlier years. The outcome of the above matter cannot be assessed at this stage, as it is dependent on several legal, regulatory and other technical aspects.

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

**Notes to the Condensed Consolidated Interim Financial Information – 30 June 2021 (Unaudited)**

**17. Financial instruments**

**17.1 Categories of financial assets and liabilities**

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

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>KD'000</b>		
<b>Amortised costs:</b>			
Cash and bank balances	281,281	393,060	375,157
Trade and other receivables	462,450	446,304	458,585
<b>Investment securities -FVTPL</b>	10,642	9,785	7,854
<b>Investment securities - FVOCI</b>	16,961	5,325	6,932

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 2021**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD'000</b>			
<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

**31 December 2020**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD'000</b>			
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	740	9,045	-	9,785
Investments securities at FVOCI	1,676	1,897	1,752	5,325
Total assets	2,416	10,942	1,752	15,110

**Notes to the Condensed Consolidated Interim Financial Information – 30 June 2021 (Unaudited)**

30 June 2020

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

**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 effect on the net monetary position is included in the Condensed Consolidated Statement of Profit or Loss as 'net monetary gain/ (loss)'.

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

	Index	Conversion factor
30 June 2021	17,278	1
31 December 2020	16,841	1.03
31 December 2019	10,657	1.62
31 December 2018	6,306	2.74
31 December 2017	4,502	3.84
31 December 2016	2,068	8.35
31 December 2015	357	48.43
31 December 2014	170	101.63
31 December 2013	155	111.67

**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 2021:**

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

**Notes to the Condensed Consolidated Interim Financial Information – 30 June 2021 (Unaudited)**

At 31 December 2020:	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	-	16,699	147,950

At 30 June 2020:	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	-	16,883	244,598

**20. IMPACT OF COVID-19**

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

In light of COVID-19, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed consolidated interim financial information. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the condensed consolidated interim financial information.

**Impairment of non-financial assets**

The Group has performed a qualitative assessment for its investment in CGUs, considering the minimal impact of COVID-19 on entities operating in the telecommunication sector, and compared the actual results for the period against the budget and industry benchmarks to conclude that the impairment assessment as at 31 December 2020 remains largely unchanged.

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

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

The Group has applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates. The Group continues to monitor the appropriateness of the management overlays considering evolving impact of current pandemic situation in respective locations.

**Commitments and contingent liabilities**

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

**Going concern**

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this condensed consolidated interim financial information has been appropriately prepared on a going concern basis.