

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

**Condensed Consolidated Interim Financial Information (Unaudited)  
31 March 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 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 31 March 2021 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for three-month period then ended and the related condensed consolidated statements of changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of Review*

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

*Basis of Qualified Conclusion*

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

*Qualified Conclusion*

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

*Emphasis of Matter*

We draw attention to note 16 of the interim financial information, which describes the uncertainty related to the outcome of claims against the Group's subsidiary in Iraq. Our conclusion is not modified in respect of this matter.

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 three-month period ended 31 March 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 three-month period ended 31 March 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  
09 May 2021

**Condensed Consolidated Statement of Financial Position as at 31 March 2021 (Unaudited)**

	Note	Unaudited 31 March 2021	Audited 31 December 2020	Unaudited 31 March 2020
<b>KD '000</b>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	3	334,889	393,060	485,375
Trade and other receivables		573,664	579,286	602,672
Contract assets		59,795	55,805	70,607
Inventories		51,337	51,102	41,805
Investment securities at FVTPL		9,736	9,785	7,367
Assets of disposal group classified as held for sale	4.b	7,822	6,917	6,350
		<u>1,037,243</u>	<u>1,095,955</u>	<u>1,214,176</u>
<b>Non-current assets</b>				
Contract assets		38,973	36,624	24,558
Investment securities at FVOCI		17,024	5,325	6,448
Investments in associates and joint venture	5	76,370	76,137	73,568
Other non-current assets		46,881	47,113	59,860
Right of use of assets		173,580	169,292	186,225
Property and equipment	6	1,202,294	1,313,582	1,235,259
Intangible assets and goodwill	7	2,216,749	2,167,536	2,235,658
		<u>3,771,871</u>	<u>3,815,609</u>	<u>3,821,576</u>
<b>Total Assets</b>		<u>4,809,114</u>	<u>4,911,564</u>	<u>5,035,752</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Trade and other payables		1,044,684	990,763	1,038,969
Deferred revenue		84,031	95,828	96,300
Income tax payables	8	18,030	20,530	63,082
Due to banks	9	142,872	176,546	164,032
Lease liabilities		34,914	38,410	44,090
Liabilities of disposal group classified as held for sale	4.b	1,995	1,316	1,632
		<u>1,326,526</u>	<u>1,323,393</u>	<u>1,408,105</u>
<b>Non-current liabilities</b>				
Due to banks	9	1,110,663	1,019,830	1,354,403
Lease liabilities		154,518	143,718	155,909
Other non-current liabilities	10	483,970	490,079	519,767
		<u>1,749,151</u>	<u>1,653,627</u>	<u>2,030,079</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		(1,489,415)	(1,390,619)	(1,367,568)
Investment fair valuation reserve		(3,781)	(3,966)	(1,083)
Other reserves		(4,542)	(5,383)	(5,144)
Retained earnings		261,774	359,180	223,293
		<u>1,120,260</u>	<u>1,315,436</u>	<u>1,205,722</u>
Non-controlling interests		613,177	619,108	391,846
<b>Total equity</b>		<u>1,733,437</u>	<u>1,934,544</u>	<u>1,597,568</u>
<b>Total Liabilities and Equity</b>		<u>4,809,114</u>	<u>4,911,564</u>	<u>5,035,752</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 09 May 2021.

  
**Ahmed Tahous Al Tahous**  
Chairman

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

**Condensed Consolidated Statement of Profit or Loss – 31 March 2021 (Unaudited)**

	Note	Three months ended 31 March	
		2021	2020
		KD'000	
Revenue		381,757	409,280
Cost of sales		(118,386)	(110,108)
Operating and administrative expenses		(100,224)	(118,608)
Depreciation and amortization		(86,797)	(88,180)
Expected credit loss on financial assets (ECL)		(5,033)	(9,492)
Interest income		1,152	1,385
Investment income	12	136	95
Share of results of associates and joint venture	5	234	397
Other income/ (expense)		4,981	(1,234)
Gain on sale and lease back transaction	4.a	-	4,758
Finance costs		(16,140)	(26,048)
Loss from currency revaluation		(5,260)	(61)
Net monetary (loss)/ gain	18	(1,364)	232
<b>Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration</b>		55,056	62,416
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)		(477)	(495)
National Labour Support Tax (NLST) and Zakat		(1,625)	(2,139)
Income tax expenses and other levies		(4,833)	(4,095)
Board of Directors' remuneration		(109)	(128)
<b>Profit for the period</b>		<b>48,012</b>	<b>55,559</b>
<b>Attributable to:</b>			
Shareholders of the Company		44,538	47,577
Non-controlling interests		3,474	7,982
		<b>48,012</b>	<b>55,559</b>
<b>Earnings per share</b>	13		
Basic and diluted – Fils		10	11

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 –**  
**31 March 2021 (Unaudited)**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>KD'000</b>	
<b>Profit for the period</b>	48,012	55,559
<b>Other comprehensive income</b>		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(100,802)	13,230
Other reserves	2,227	(5,497)
	<u>(98,575)</u>	<u>7,733</u>
<i>Items that will not be reclassified to profit or loss:</i>		
Changes in the fair value of equity investments at FVOCI	185	5
Total comprehensive income for the period	<u>(50,378)</u>	<u>63,297</u>
Total comprehensive income attributable to:		
Shareholders of the Company	(53,232)	49,755
Non-controlling interests	2,854	13,542
	<u>(50,378)</u>	<u>63,297</u>

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

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

**Condensed Consolidated Statement of Changes in Equity – Three months ended 31 March 2021 (Unaudited)**

	Equity attributable to Company's shareholders						Retained earnings	Non - controlling interests	Total
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Other reserves			
									<b>KD '000</b>
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	-	-	-	-	-	-	44,538	3,474	48,012
Other comprehensive income for the period	-	-	-	(98,796)	185	841	-	(620)	(98,390)
Total comprehensive income for the period	-	-	-	(98,796)	185	841	44,538	2,854	(50,378)
<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)	(2,880)	(145,673)
Balance at 31 March 2021	<u>432,706</u>	<u>1,707,164</u>	<u>216,354</u>	<u>(1,489,415)</u>	<u>(3,781)</u>	<u>(4,542)</u>	<u>261,774</u>	<u>613,177</u>	<u>1,733,437</u>
Balance at 1 January 2020	432,706	1,707,164	216,354	(1,371,841)	(1,088)	(3,044)	318,509	379,839	1,678,599
Profit for the period	-	-	-	-	-	-	47,577	7,982	55,559
Other comprehensive income for the period	-	-	-	4,273	5	(2,100)	-	5,560	7,738
Total comprehensive income for the period	-	-	-	4,273	5	(2,100)	47,577	13,542	63,297
<i>Transactions with shareholders of the Company, recognized directly in equity</i>									
Cash dividends (2019)	-	-	-	-	-	-	(142,793)	(1,535)	(144,328)
Balance at 31 March 2020	<u>432,706</u>	<u>1,707,164</u>	<u>216,354</u>	<u>(1,367,568)</u>	<u>(1,083)</u>	<u>(5,144)</u>	<u>223,293</u>	<u>391,846</u>	<u>1,597,568</u>

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

**Condensed Consolidated Statement of Cash Flows – Three months ended 31 March 2021 (Unaudited)**

	<b>Three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>KD'000</b>	
<b>Cash flows from operating activities</b>		
Profit for the period before income tax, KFAS, NLST and Zakat	54,947	62,288
Adjustments for:		
Depreciation and amortization	86,797	88,180
ECL on financial assets	5,033	9,492
Interest income	(1,152)	(1,385)
Investment income	(136)	(95)
Share of results of associates and joint venture	(234)	(397)
Finance costs	16,140	26,048
Gain on sale and lease back transaction	-	(4,758)
Loss from currency revaluation	5,260	61
Net monetary loss/ (gain)	1,364	(232)
Loss/ (Gain) on sale of property and equipment	140	(25)
Operating profit before working capital changes	168,159	179,177
Increase in trade and other receivables and contract assets	(27,893)	(56,798)
(Increase)/ decrease in inventories	(1,986)	7,229
(Decrease)/ Increase in trade and other payables	(31,626)	49,708
Cash generated from operations	106,654	179,316
Income tax paid	(6,521)	(1,532)
Paid to KFAS	-	(674)
National Labour Support Tax and Zakat paid	-	(10,374)
<i>Net cash from operating activities</i>	<u>100,133</u>	<u>166,736</u>
<b>Cash flows from investing activities</b>		
Deposits maturing after three months and cash at bank under lien (note 3)	16,210	2,580
Investments in securities	-	(30)
Proceeds from sale of investments	187	1,213
Investment in associate	-	(553)
Investment in subsidiaries	(5,037)	-
Acquisition of property and equipment (net)	(59,608)	(44,457)
Acquisition of intangible assets (net)	(112,769)	(12,909)
Proceeds from sale of telecom assets (sale and lease back) (note 4)	-	19,485
Interest received	1,120	1,892
<i>Net cash used in investing activities</i>	<u>(159,897)</u>	<u>(32,779)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	108,119	85,596
Repayment of bank borrowings	(46,576)	(6,000)
Repayment of lease liabilities	(11,641)	(12,364)
Dividends paid to Company's shareholders	-	(173)
Dividends paid to minority shareholders of subsidiaries	(41)	(1)
Finance costs paid – due to banks	(8,640)	(13,825)
<i>Net cash from financing activities</i>	<u>41,221</u>	<u>53,233</u>
Net (decrease)/ increase in cash and cash equivalents	(18,543)	187,190
Effect of foreign currency translation	(23,418)	3,781
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>321,605</u></u>	<u><u>472,873</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; 31 March 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 31 March 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, Al Khatem and Zain South Sudan whose working capitals are in deficit. Based on business plans, the Group does not expect these conditions will have a material adverse impact on the operations of these Group companies.

**Notes to the Condensed Consolidated Interim Financial Information - 31 March 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:

	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	<u>KD ‘000</u>		
Cash on hand and at banks	311,697	313,021	208,007
Short-term deposits with banks	40,528	97,923	294,025
Government certificates of deposits held by subsidiaries	13	89	91
	<u>352,238</u>	<u>411,033</u>	<u>502,123</u>
Expected credit loss	(17,349)	(17,973)	(16,748)
	<u>334,889</u>	<u>393,060</u>	<u>485,375</u>
Cash at bank under lien	(13,271)	(29,405)	(12,411)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(13)	(89)	(91)
Cash and cash equivalent in the condensed consolidated statements of cash flows	<u>321,605</u>	<u>363,566</u>	<u>472,873</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 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 profit or loss during the year ended 31 December 2020.

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

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

4.b) This represents the carrying value of remaining telecom tower assets amounting to KD 3.060 million (31 December 2020 – KD 3.060 million; 31 March 2020 – KD 3.060 million) and remaining right of use of assets amounting to KD 4.762 million (31 December 2020 – 3.857 million; 31 March 2020 – KD 3.290 million) and its related lease liabilities amounting to KD 1.995 million (31 December 2020 – 1.316 million; 31 March 2020 – 1.632 million), classified as held for sale. These are expected to be sold during 2021.

**Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)**

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

Investments in associate

This includes the Group's KD 0.145 million (31 December 2020 – KD 0.216 million; 31 March 2020- KD 0.553 million) interest in IHS Kuwait Limited which represents 30% of the equity shares and voting rights of the associate. The associate became operational in February 2020 pursuant to the sale and lease back of telecommunication towers transaction with the Company. The carrying value of the associate and its results for the period are determined by Group management using the equity method based on management information provided by IHS Kuwait.

Investments in joint venture

This includes Group's KD 74.258 million (31 December 2020 - KD 73.962 million; 31 March 2020: KD 72.990 million) interest in the joint venture, Zain Al Ajial S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country).

**6. Property and equipment**

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>KD '000</b>		
Net fixed assets	1,081,351	1,158,896	1,136,084
Capital work in progress	120,943	154,686	99,175
	<u>1,202,294</u>	<u>1,313,582</u>	<u>1,235,259</u>

During the three-months period ended 31 March 2021, the Group acquired property and equipment amounting to KD 20.925 million (31 March 2020: KD 47.494 million). Depreciation charged for the period amounted to KD 34.387 million (31 March 2020: KD 52.511 million).

**7. Intangible assets and goodwill**

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>KD '000</b>		
Intangible assets	1,631,642	1,562,074	1,614,717
Goodwill	585,107	605,462	620,941
	<u>2,216,749</u>	<u>2,167,536</u>	<u>2,235,658</u>

During the three-months period ended 31 March 2021, the Group acquired intangible assets amounting to KD 104.619 million (31 March 2020: KD 54.592 million). Amortization charged for the period amounted to KD 38.232 million (31 March 2020: KD 35.669 million).

**8. Income tax payables**

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

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 been already been paid by Atheer.

Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)

During May 2020, Atheer received additional income tax claims of US\$ 67 million (KD 20.247 million) from IGCT for the years 2014 to 2018. Atheer has agreed to pay the amount in 11 monthly instalments with interest. 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.

9. Due to banks

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>KD '000</b>		
<i>Company</i>			
Short term loans	60,440	91,110	114,020
Long term loans	546,130	562,873	672,223
	<u>606,570</u>	<u>653,983</u>	<u>786,243</u>
<i>SMTC</i>			
Long term loans	418,442	310,651	553,262
	<u>418,442</u>	<u>310,651</u>	<u>553,262</u>
<i>Zain Jordan</i>			
Short term loans	28,707	28,848	6,851
	<u>28,707</u>	<u>28,848</u>	<u>6,851</u>
<i>Atheer – Iraq</i>			
Bank overdrafts	13,484	13,551	-
Long term loans	186,332	189,343	172,073
	<u>199,816</u>	<u>202,894</u>	<u>172,073</u>
<i>Others</i>			
Long term loans	-	-	6
	<u>-</u>	<u>-</u>	<u>6</u>
	<u>1,253,535</u>	<u>1,196,376</u>	<u>1,518,435</u>

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

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>KD '000</b>		
Opening balance	1,196,376	1,398,724	1,398,724
Proceeds from bank borrowings	108,119	261,335	85,596
Repayment of bank borrowings	(46,576)	(454,500)	(6,000)
Effect of change in foreign exchange rates	(4,384)	(9,183)	40,115
	<u>1,253,535</u>	<u>1,196,376</u>	<u>1,518,435</u>

**Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)**

The current and non-current amounts are as follows:

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>KD '000</b>		
Current liabilities	142,872	176,546	164,032
Non-current liabilities	1,110,663	1,019,830	1,354,403
	<u>1,253,535</u>	<u>1,196,376</u>	<u>1,518,435</u>

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

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>KD '000</b>		
US dollar	854,431	878,899	1,014,214
Kuwaiti dinar	25,000	30,970	50,988
Saudi Riyals	374,104	286,507	446,375
Others	-	-	6,858
	<u>1,253,535</u>	<u>1,196,376</u>	<u>1,518,435</u>

The effective interest rate as at 31 March 2021 was 0.855% to 3.44% (31 December 2020 - 0.855% to 3.50%; 31 March 2020 – 1.57% to 7.25%) per annum.

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

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

During the period, the Company has:

- not drawn down any amount from the existing and new facilities (31 December 2020 - KD 124.640 million).
- repaid loans amounting to KD 44.337 million (31 December 2020 – KD 149.344 million). This includes:
  - US\$ 100 million (KD 30.220 million) of a revolving credit facility amounting to US\$ 100 million.
  - US\$ 17.217 million (KD 5.203 million) of a long- term loan facility amounting to US\$ 400 million.
  - KD 5.970 million of a long-term loan facility amounting to KD 6 million.

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

*SMTC*

Long-term loans include:

- 1) SAR 2,934 million (KD 236.921 million) (31 December 2020: SAR 1,591 million equivalent to KD 128.839 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 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 2,247 million (KD 181.445 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\$ 95 million (KD 28.709 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 28.852 million) (31 December 2020 – US\$ 95 million equivalent to KD 28.852 million; 31 March 2020 - US\$ 100 million equivalent to KD 31.34 million) term loan from a commercial bank that is repayable by 17 December 2024.
- 2) US\$ 105 million (KD 31.731 million) (31 December 2020 – US\$ 105 million equivalent to KD 31.889 million; 31 March 2020 - US\$ 105 million equivalent to KD 32.907 million) term loan from a commercial bank which is repayable by 30 June 2023.
- 3) US\$ 50 million (KD 15.11 million) (31 December 2020 – US\$ 50 million equivalent to KD 15.185 million; 31 March 2020 - US\$ 50 million equivalent to KD 15.67 million) term loan from a commercial bank repayable by 09 April 2021.

**Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)**

- 4) US\$ 116.588 million (KD 35.233 million) (31 December 2020 – US\$ 123.454 million equivalent to KD 37.493 million; 31 March 2020 - US\$ 144.051 million equivalent to KD 45.146 million) term loan from a financial institution repayable by 31 May 2025.
- 5) US\$ 150 million (KD 45.33 million) (31 December 2020 – US\$ 150 million equivalent to KD 45.555 million; 31 March 2020 - US\$ 150 million equivalent to KD 47.01 million) revolving credit facilities from a commercial bank repayable by 17 December 2022.
- 6) US\$ 100 million (KD 30.22 million) (31 December 2020 – US\$ 100 million equivalent to KD 30.37 million; 31 March 2020 - US\$ Nil) term loan from a commercial bank repayable by 31 July 2023.

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

**10. Other non-current liabilities**

	<u>Unaudited</u> <u>31 March</u> <u>2021</u>	<u>Audited</u> <u>31 December</u> <u>2020</u>	<u>Unaudited</u> <u>31 March</u> <u>2020</u>  <u>KD '000</u>
Payable to Ministry of Finance – Saudi Arabia (refer below)	282,675	283,480	308,944
Due to CITC for acquisition of spectrum	98,637	112,558	119,891
Customer deposits	3,203	3,403	3,542
Post-employment benefits	39,139	39,571	37,301
Others	60,316	51,067	50,089
	<u>483,970</u>	<u>490,079</u>	<u>519,767</u>

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

**11. Share capital**

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

**12. Investment income**

	<u>Three months ended</u> <u>31 March (Unaudited)</u>	
	<u>2021</u>	<u>2020</u>
	<u>KD'000</u>	
Profit from investment securities at FVTPL	136	95
	<u>136</u>	<u>95</u>

Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)

**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 31 March (Unaudited)	
	2021	2020
	KD'000	
Profit for the period attributable to shareholders	44,538	47,577
	<b>Shares</b>	<b>Shares</b>
Weighted average number of shares in issue outstanding during the period	4,327,058,909	4,327,058,909
	Fils	Fils
Earnings per share – basic and diluted	10	11

**14. Segmental information**

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

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

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

**Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)**

	31 March 2021							Total KD '000
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	
<b>Segment revenue – airtime, data &amp; subscriptions (Point over time)</b>	59,688	35,632	27,552	55,316	10,233	138,388	11,423	338,232
<b>Segment revenue - trading income (Point in time)</b>	19,759	1,842	311	469	3,021	18,107	16	43,525
<b>Net profit before interest and tax</b>	16,652	9,379	6,090	9,749	1,404	13,073	2,299	58,646
Interest income	420	414	350	27	22	14	3	1,250
Finance costs	(160)	(1,841)	(246)	(3,716)	(200)	(9,795)	(20)	(15,978)
Income tax expenses	-	(1,992)	(789)	(2,042)	-	-	(1)	(4,824)
	<u>16,912</u>	<u>5,960</u>	<u>5,405</u>	<u>4,018</u>	<u>1,226</u>	<u>3,292</u>	<u>2,281</u>	39,094
<i>Unallocated items:</i>								
Investment income								136
Share of results of associates and joint venture								234
Others (including unallocated interest income, income tax and finance costs net of eliminations)								8,548
<b>Profit for the period</b>								<u>48,012</u>
<b>Segment assets including allocated goodwill</b>	407,423	367,638	39,802	1,087,433	88,334	2,137,104	83,217	4,210,951
ROU assets	9,420	19,683	435	27,099	10,041	106,778	124	173,580
<i>Unallocated items:</i>								
Investment securities at FVTPL								9,736
Investment securities at FVOCI								17,024
Investment in associates and joint venture								76,370
Others								321,453
<b>Consolidated assets</b>								<u>4,809,114</u>
<b>Segment liabilities</b>	177,790	159,200	27,899	213,844	28,379	955,120	74,172	1,636,404
Lease liabilities (current and non-current)	15,600	20,128	312	25,342	10,015	117,921	114	189,432
Due to banks	-	28,707	-	199,817	-	418,442	-	646,966
	<u>193,390</u>	<u>208,035</u>	<u>28,211</u>	<u>439,003</u>	<u>38,394</u>	<u>1,491,483</u>	<u>74,286</u>	2,472,802
<i>Unallocated items:</i>								
Due to banks								606,569
Others								(3,694)
<b>Consolidated liabilities</b>								<u>3,075,677</u>
<b>Net consolidated assets</b>								<u>1,733,437</u>
Capital expenditure incurred during the period	3,847	56,012	4,262	52,839	19	5,637	1,881	124,497
Unallocated								1,044
<b>Total capital expenditure</b>								<u>125,541</u>
Depreciation of property and equipment and amortization of intangible assets	9,036	6,709	1,361	15,120	2,284	37,197	1,000	72,707
Amortization of ROU assets	1,394	864	58	1,667	696	9,444	71	14,194
Unallocated (net of elimination)								(104)
<b>Total depreciation and amortization</b>								<u>86,797</u>

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

**Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)**

	31 March 2020							Total KD '000
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	
<b>Segment revenue – airtime, data &amp; subscriptions (Point over time)</b>	61,886	34,867	27,227	76,521	10,594	151,842	8,028	370,965
<b>Segment revenue - trading income (Point in time)</b>	19,273	1,403	174	370	2,754	14,308	33	38,315
<b>Net profit before interest and tax</b>	15,662	8,070	2,820	11,404	1,314	29,420	1,607	70,297
Interest income	144	79	157	281	55	434	57	1,207
Gain on sale and lease back transaction	4,758	-	-	-	-	-	-	4,758
Finance costs	(125)	(1,679)	(78)	(4,013)	(249)	(21,193)	(12)	(27,349)
Income tax expenses	-	(1,587)	(1,684)	(567)	-	-	(129)	(3,967)
	<u>20,439</u>	<u>4,883</u>	<u>1,215</u>	<u>7,105</u>	<u>1,120</u>	<u>8,661</u>	<u>1,523</u>	<u>44,946</u>
<i>Unallocated items:</i>								
Investment income								95
Share of results of associates and joint venture								397
Others (including unallocated interest income, income tax and finance costs net of eliminations)								10,121
<b>Profit for the period</b>								<u>55,559</u>
<b>Segment assets including allocated goodwill</b>	400,291	309,806	124,500	1,113,892	88,738	2,284,224	69,496	4,390,947
ROU assets	6,533	18,358	1,931	31,177	9,555	118,600	71	186,225
<i>Unallocated items:</i>								
Investment securities at FVTPL								7,367
Investment securities at FVOCI								6,448
Investment in associates and joint venture								73,568
Others								371,197
<b>Consolidated assets</b>								<u>5,035,752</u>
<b>Segment liabilities</b>	137,262	145,578	41,591	239,354	27,221	1,341,760	70,985	2,003,751
Lease liabilities (current and non-current)	13,170	18,859	1,678	34,944	9,613	121,659	76	199,999
Due to banks	-	6,851	-	172,073	-	553,262	6	732,192
	<u>150,432</u>	<u>171,288</u>	<u>43,269</u>	<u>446,371</u>	<u>36,834</u>	<u>2,016,681</u>	<u>71,067</u>	<u>2,935,942</u>
<i>Unallocated items:</i>								
Due to banks								786,243
Others								(284,001)
<b>Consolidated liabilities</b>								<u>3,438,184</u>
<b>Net consolidated assets</b>								<u>1,597,568</u>
Capital expenditure incurred during the period	3,441	314	5,963	683	18	89,138	2,167	101,724
Unallocated								362
<b>Total capital expenditure</b>								<u>102,086</u>
Depreciation of property and equipment and amortization of intangible assets	7,587	6,431	2,236	15,144	2,196	41,333	997	75,924
Amortization of ROU assets	2,488	907	66	1,679	839	6,089	51	12,119
Unallocated								137
<b>Total depreciation and amortization</b>								<u>88,180</u>

Notes to the Condensed Consolidated Interim Financial Information - 31 March 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**

	<b>Three months ended 31 March (Unaudited)</b>	
	<b>2021</b>	<b>2020</b>
	<b>KD'000</b>	
Revenue	105	892
Cost of sales	1,353	2,298

**Key management compensation**

	<b>Three months ended 31 March (Unaudited)</b>	
	<b>2021</b>	<b>2020</b>
	<b>KD'000</b>	
Salaries and other short term employee benefits	711	929
Post-employment benefits	278	686

**Balances**

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>KD '000</b>			
Trade receivables	8,945	3,823	2,763
Trade payables	1,980	6,302	2,329

**16. Commitments and contingencies**

	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>KD '000</b>			
Capital commitments	74,286	91,441	156,570
Uncalled share capital of investee companies	3,089	3,105	352
Letters of guarantee and credit	74,614	76,786	89,307

The Company is a guarantor for credit facilities amounting to KD 7.252 million (31 December 2020 - KD 7.288 million; 31 March 2020 - KD 7.521 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 59.231 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 26.835 million). IGCT had the option to challenge this decision before the Court of Cassation within 15 days of Appeals Committee decision. The challenge period has elapsed and Atheer did not receive any notification from the Cassation Court or the IGCT about challenging the decision. Atheer has petitioned the Cassation Court to direct IGCT to send the case dossier and is awaiting a response. On the basis of the report of its attorneys, Atheer believes that the outcome of all appeals is still subject to the authentication of the Court of Cassation and that it will be determined in favor of Atheer.

**Notes to the Condensed Consolidated Interim Financial Information - 31 March 2021 (Unaudited)**

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Atheer received additional income tax claim of US\$ 19.3 million (KD 5.832 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 discussed the formalities applied 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 the basis of the report of its attorneys, Atheer believes that this decision will not be overruled.

*Pella - Jordan*

Pella is a defendant in lawsuits amounting to KD 22.108 million (31 December 2020 – KD 43.636 million; 31 March 2020 – KD 34.899 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 9.504 million (31 December 2020 - KD 9.551 million; 31 March 2020 – KD 9.857 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 9.618 million (31 December 2020 - KD 9.666 million; 31 March 2020 – KD 9.975 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 - 31 March 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:

	Unaudited 31 March 2021	Audited 31 December 2020	Unaudited 31 March 2020
	KD'000		
<b>Amortised costs:</b>			
Cash and bank balances	334,889	393,060	485,375
Trade and other receivables	433,446	446,304	491,399
<b>Investment securities –FVTPL</b>	9,736	9,785	7,367
<b>Investment securities – FVOCI</b>	17,024	5,325	6,448

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.

31 March 2021

	Level 1	Level 2	Level 3	Total
	KD'000			
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	796	8,940	-	9,736
Investments securities at FVOCI	1,866	1,893	13,265	17,024
Total assets	2,662	10,833	13,265	26,760

31 December 2020

	Level 1	Level 2	Level 3	Total
	KD'000			
<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 - 31 March 2021 (Unaudited)

31 March 2020

	Level 1	Level 2	Level 3	Total
				KD'000
<b>Financial assets at fair value:</b>				
Investments securities at FVTPL	618	6,749	-	7,367
Investments securities at FVOCI	1,138	2,176	3,134	6,448
Total assets	1,756	8,925	3,134	13,815

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 (loss)/ gain

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

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

	Index	Conversion factor
31 March 2021	15,978	1
31 December 2020	16,841	0.95
31 December 2019	10,657	1.50
31 December 2018	6,306	2.53
31 December 2017	4,502	3.55
31 December 2016	2,068	7.72
31 December 2015	357	44.78
31 December 2014	170	93.98
31 December 2013	155	103.27

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 31 March 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	-	14,426	147,530

Notes to the Condensed Consolidated Interim Financial Information - 31 March 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
<b>At 31 March 2020</b>	<b>Notional amounts by term to maturity</b>		
	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional amount KD '000</b>
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i>			
Profit rate swaps	-	16,056	245,522

**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 continue to monitor the appropriateness of the management overlays considering evolving impact of current pandemic situation in respective location.

*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.