AAN Digital Services Holding Company

K.S.C. Public
and its Subsidiaries
Kuwait

Interim condensed consolidated
financial information
for the Six months
ended June 30, 2019
(Unaudited)

AAN Digital Services Holding Company
K.S.C. Public
and its Subsidiaries
Kuwait

Interim condensed consolidated financial information for the Six months ended June 30, 2019 (Unaudited)

Contents

	Exhibit
Review Report on the interim condensed consolidated financial Information	
Interim condensed consolidated statement of financial position (Unaudited)	A
Interim condensed consolidated statement of profit or loss (Unaudited)	B
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	C
Interim condensed consolidated statement of changes in equity (Unaudited)	D
Interim condensed consolidated statement of cash flows (Unaudited)	E
	Page
Notes to the interim condensed consolidated financial information (Unaudited)	1 – 10

Rödl
Middle East
Burgan - International Accountants
Ali Al-Hasawi & Co

The Board of Directors
AAN Digital Services Holding Company
K.S.C. Public
And its subsidiaries
State of Kuwait

Review report on the interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of AAN Digital Services Holding Company K.S.C. Public - "The Parent" and its subsidiaries together referred to as "The Group" as of June 30, 2019 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended. Management of "the parent company" is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim condensed consolidated 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.

Emphasis of matters
Without qualifying in our conclusion, we draw attention to Note (3) to the interim condensed consolidated financial information regarding the financial statements of the subsidiaries.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34, "Interim Financial Reporting".

Report on other legal and regulatory matters
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting books of the "Parent Company". We further report that, to the best of our knowledge and belief, no violations has occurred during the six months period ended June 30, 2019 of the Companies Law No. 1 of year 2016 and its executive regulations, as amended, or law No. 7 of year 2010 in respect of the establishment of the Capital Market Authority and the organization of Securities activity, and its executive regulations or the Parent Company's memorandum and articles of association, as amended, that might have had a material effect on the business of the "Parent Company" or on its interim condensed consolidated financial position.

Abdul Hussain M. Al- Rasheed
License No. 67 (A)
Rödl Middle East
Burgan - International Accountants

August 7, 2019
State of Kuwait

Exhibit – A

AAN Digital Services Holding Company K.S.C. Public

and its subsidiaries
Kuwait

Interim condensed consolidated statement of financial position as of June 30, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

Assets	Note	June 30, 2019 (Unaudited)	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Non-current assets				
Property and equipment		**179,723**	223,487	248,402
Intangible assets	4	**13,945,284**	14,098,467	14,111,543
Investment in joint venture		**52,650**	53,158	90,502
Investment at fair value through other comprehensive income	5	**11,169,369**	11,209,478	11,359,478
Loan to a related party	6	**–**	–	18,686,527
		25,347,026	25,584,590	44,496,452
Current assets				
Inventory		**2,268,521**	2,044,318	2,102,658
Accounts receivable and other debit balances	7	**5,390,425**	5,622,742	6,860,532
Due from related parties	8	**370,184**	368,916	1,107,965
Finance, joint ventures and mudaraba		**911,209**	911,209	911,209
Investment at fair value through statement of profit or loss		**42**	42	42
Cash and cash equivalents		**718,221**	587,353	491,192
		9,658,602	9,534,580	11,473,598
Total assets		**35,005,628**	35,119,170	55,970,050
Equity and liabilities				
Equity				
Share capital		**87,234,161**	87,234,161	87,234,161
Share premium		**6,846,580**	6,846,580	6,846,580
Treasury shares	9	**(640,233)**	(640,233)	(640,233)
Treasury shares reserve		**260,411**	260,411	260,411
Cumulative changes in fair value		**(3,160,777)**	(3,056,077)	(2,906,077)
Foreign currency translation reserve		**611,614**	753,115	1,497,729
Accumulated losses		**(61,363,270)**	(62,533,038)	(41,779,936)
Total equity		**29,788,486**	28,864,919	50,512,635
Non-current liabilities				
Provision for end of service indemnity		**250,203**	477,393	492,907
Current liabilities				
Accounts payable and other credit balances	10	**4,752,007**	5,564,865	4,853,155
Due to related parties	8	**214,932**	211,993	111,353
		4,966,939	5,776,858	4,964,508
Total equity and liabilities		**35,005,628**	35,119,170	55,970,050

Abdel-Mohsen Sharyan
Chairman

The accompanying notes form an integral part of the interim condensed consolidated financial information.

AAN Digital Services Holding Company K.S.C. Public

and its subsidiaries
Kuwait

Interim condensed consolidated statement of income for the Six months ended June 30, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	The Three months ended June 30		The Six months ended June 30	
		2019	2018	**2019**	2018
Revenue	11	**11,746,236**	27,040,730	**20,490,352**	44,268,139
Cost of sales		**(8,980,958)**	(25,719,262)	**(16,823,768)**	(41,880,135)
Gross profit		**2,765,278**	1,321,468	**3,666,584**	2,388,004
General and administrative expenses		**(524,740)**	(455,722)	**(914,663)**	(832,325)
Marketing and selling expenses		**(709,165)**	(847,930)	**(1,499,517)**	(1,730,182)
Provision for expected credit losses		**–**	(36,340)	**-**	(36,340)
Depreciation and amortization		**(19,269)**	(49,647)	**(48,698)**	(92,091)
Finance charges		**(22,177)**	(29,036)	**(48,699)**	(39,674)
Other income		**(22)**	4,905	**48,948**	10,709
Profit/(loss) for the period before KFAS, Zakat and National Labour Support Tax		**1,489,905**	(92,302)	**1,203,955**	(331,899)
National Labour Support Tax		**(24,419)**	–	**(24,419)**	–
Zakat		**(9,768)**	–	**(9,768)**	–
Net profit/(loss) for the period		**1,455,718**	(92,302)	**1,169,768**	(331,899)
Earnings/(loss) per share (Fils)	12	**1.68**	(0.10)	**1.35**	(0.38)

The accompanying notes form an integral part of the interim condensed consolidated financial information.

AAN Digital Services Holding Company K.S.C. Public

and its subsidiaries
Kuwait

Interim condensed consolidated statement of profit or loss and other comprehensive income for the Six months ended June 30, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The Three months ended June 30		The Six months ended June 30	
	2019	2018	**2019**	2018
Net profit/(loss) for the period	**1,455,718**	(92,302)	**1,169,768**	(331,899)
Other comprehensive income				
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:				
Change in fair value to investment at fair value through other comprehensive income	**(104,700)**	–	**(104,700)**	–
Items that will be reclassified subsequently to the interim condensed consolidated statement of profit or loss:				
Foreign currency translation differences	(4,155)	263,876	(141,501)	91,793
Other comprehensive income for the period	(108,855)	263,876	(246,201)	91,793
Total comprehensive income for the period	**1,346,863**	171,574	**923,567**	(240,106)

The accompanying notes form an integral part of the interim condensed consolidated financial information.

Exhibit - D

AAN Digital Services Holding Company K.S.C. Public

and its subsidiaries
Kuwait

Interim condensed consolidated statement of changes in equity for the Six months ended June 30, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Share capital	Share premium	Treasury shares	Treasury shares reserve	Cumulative changes in fair value	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at January 1, 2018	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,405,936	(41,447,021)	50,753,757
Transition adjustment on adoption of IFRS 9 at January 1, 2018	-	-	-	-	-		(1,016)	(1,016)
Balance at January 1, 2018 "adjusted"	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,405,936	(41,448,037)	50,752,741
Net loss for the period	-	-	-	-	-	-	(331,899)	(331,899)
Other comprehensive income for the period	-	-	-	-	-	91,793	-	91,793
Total comprehensive income for the period	-	-	-	-	-	91,793	(331,899)	(240,106)
Balance as of June 30, 2018	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,497,729	(41,779,936)	50,512,635
Balance at January 1, 2019	87,234,161	6,846,580	(640,233)	260,411	(3,056,077)	753,115	(62,533,038)	28,864,919
Net profit for the period	–	–	–	–	–	–	1,169,768	1,169,768
Other comprehensive income for the period	–	–	–	–	(104,700)	(141,501)	–	(246,201)
Total comprehensive income for the period	–	–	–	–	(104,700)	(141,501)	1,169,768	923,567
Balance as of June 30, 2019	**87,234,161**	**6,846,580**	**(640,233)**	**260,411**	**(3,160,777)**	**611,614**	**(61,363,270)**	**29,788,486**

The accompanying notes form an integral part of the interim condensed consolidated financial information.

AAN Digital Services Holding Company K.S.C. Public

and its subsidiaries
Kuwait

Interim condensed consolidated statement of cash flows for the Six months ended June 30, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The Six months ended June 30	
	2019	2018
Cash flows from operating activities		
Net profit/(loss) for the period	**1,169,768**	(331,899)
Adjustments:		
Depreciation and amortization	**48,698**	92,091
Profit of disposal of property and equipment	**(47,896)**	-
Provision for expected credit losses	**-**	36,340
Provision for end of service indemnity	**46,013**	80,827
Finance charges	**48,699**	39,674
Adjusted profit/(loss) before calculating the effect of changes in working capital items	**1,265,282**	(82,967)
Inventory	**(224,203)**	781,868
Accounts receivable and other debit balances	**370,623**	(726,135)
Related parties	**-**	(33,610)
Accounts payable and other credit balances	**(812,857)**	184,060
Cash generated from operating	**598,845**	123,216
End of service indemnity paid	**(273,203)**	(62,895)
Net cash generated from operating activities	**325,642**	60,321
Cash flows from investing activities		
Property and equipment	**(62,417)**	(2,792)
Intangible assets	**-**	(4,623)
Net cash used in investing activities	**(62,417)**	(7,415)
Cash flows from financing activities		
Finance charges paid	**(48,699)**	(39,674)
Net cash used in financing activities	**(48,699)**	(39,674)
Foreign currency translation reserve	**(83,658)**	50,679
Net increase in cash and cash equivalents	**130,868**	63,911
Cash and cash equivalents at the beginning of the period	**587,353**	427,281
Cash and cash equivalents at the end of the period	**718,221**	491,192

The accompanying notes form an integral part of the interim condensed consolidated financial information.

AAN Digital Services Holding Company K.S.C. Public

and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the Six months ended June 30, 2019 (Unaudited)
"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Brief on "The Parent company"

AAN Digital Services Holding Company – K.S.C. Public – was incorporated on May 22, 1999 in accordance with the Commercial Companies' Law of year 1960 article No. 15, and its subsequent amendments. Several amendments took place on the commercial register last one was on July 13, 2017, Where the commercial name of "the Parent company" was changed.

The objectives for which "the parent company" was incorporated are:

- Owning shares in Kuwaiti and Non-Kuwaiti shareholding companies and owning shares or quotas in Kuwaiti and Non-Kuwaiti limited liability companies or participating in establishing, managing and sponsoring both kinds of companies to others related to communication segment only.
- Lending companies in which it holds shares and guaranteeing them to others, providing that the holding company's ownership percentage in the share capital of the borrowing company must be at least 20%.
- Owning industrial property rights of patents or industrial trademarks, or industrial charges or any other rights relating thereto, and leasing to other companies for utilization inside or outside the State of Kuwait related to communication segment only.
- Holding movables and real estates necessary to initiate its activity in accordance with the Law.
- Utilizing the surplus funds by investing them in investment and real estate portfolios managed by specialized companies and institutions.

The parent company has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to establish, participate or purchase these firms or institutions or join them.

"The Parent company" operates its activities according to Islamic Sharia regulations.

The registered Head Office of "The Parent Company" is: Sharq-Complex /Mohamed Saleh Yousef El Bahbahani –floor (3) –Kuwait City.

The interim condensed consolidated financial information for the six months ended June 30, 2019 was authorized for issuance from the Board of Directors on August 7, 2019.

2- Significant accounting policies

2/1) Basis of preparation

The accompanying interim condensed consolidated financial information are prepared in accordance with IAS 34-"Interim Financial Reporting". These interim condensed consolidated financial information should be read in conjunction with the financial statements of the Group for the year ended December 31, 2018.

The interim condensed consolidated financial information do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for six-month period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

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

The significant judgments made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2018.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of newly effective and amended standards as set out below.

Newly effective standard and amendments and improvements to standards
The new International Financial Reporting Standard ("IFRS" or "standard") No. 16 and several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following new standard, interpretation and amendments to standards have been applied by the Group in preparation of these interim condensed financial statements. The amendments to the below standards did not have any material impact to the Group, but they may result in additional disclosures at the year end:

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017)
  - Amendments to IFRS 3 Business Combinations
  - Amendments to IFRS 11 Joint Arrangements
  - Amendments to IAS 12 Income Taxes
  - Amendments to IAS 23 Borrowing Costs

The adoption of the above did not result in any changes to previously reported net profit or equity of the Group.

New and amended standards not yet effective, but available for early adoption

The below new and amended IFRS that are available for early adoption for financial year ending December 31, 2019 are not effective until a later period, and they have not been applied in preparing these interim condensed consolidated financial information.

Adoption not expected to impact the Group's financial statements:

Effective date	Description
January 1, 2020	• Amendments to IFRS 3 • Amendments to References to the Conceptual Framework in IFRS Standards • Amendments to IAS 1 and IAS 8 on 'Definition of Material'
January 1, 2022	• IFRS 17 Insurance Contracts
Effective date to be determined	• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2/2) Critical judgments and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying "the Group's" accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2018.

3- Subsidiaries

The interim condensed consolidated financial information includes the interim condensed financial information of the parent company and its subsidiaries as following:

		Ownership percentage		
	Country of incorporation	June 30, 2019 (Unaudited)	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Qanawat Holding Company - B.S.C closed	Bahrain	**%99**	%99	%99
On Touch for General Trading Company - W.L.L	Kuwait	**%99**	%99	%99
Fawran Telecom Company - W.L.L	Saudi Arabia	**%10**	%10	%10
Qanawat for General Trading and Contracting Company -W.L.L	Kuwait	**%10**	%10	%10
Qanawat Connect Solutions Company -W.L.L	UAE	**%10**	%10	%10

The subsidiary Qanawat Holding Company –K.S.C-closed has the subsidiaries as follows:

	Country of incorporation	Ownership percentage		
		June 30, 2019 (Unaudited)	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Fawran Telecom Company - W.L.L	KSA.	%90	%90	%90
Qanawat for General Trading and contracting company- W.L.L	Kuwait	%90	%90	%90
Qanawat Connect Solutions - W.L.L	UAE.	%90	%90	%90

The financial statements for subsidiaries has been consolidated based on the financial information prepared by the management as of June 30, 2019, total assets of these subsidiaries included in the interim condensed consolidated statement of financial position are KD 26,944,223(December 31, 2018: KD 18,068,962, June 30, 2018: KD 26,997,434) and their net loss included in the interim condensed consolidated statement of profit or loss is KD 1,329,843(December 31, 2018: KD 438,740, June 30, 2018: KD 177,473).

The audited financial statements of some subsidiaries were not issued for the financial year ended December 31, 2018, which may lead to a difference between the results of these subsidiaries recorded in the interim condensed consolidated financial statements and those to be issued in the audited financial statements of these companies or its interim financial statements.

4- Intangible assets

This item represents Keymoney with a net book value of KD 4,042 as of June 30, 2019 (KD 6,126 as of December 31, 2018 - KD 42,434 as of June 30, 2018) and a Goodwill amounting to KD 13,941,242 as of June 30, 2018 (KD 14,092,341 as of December 31, 2018 KD 14,069,109 as of June 30, 2018) resulted from the acquisition of a subsidiary - Qanawat Systems Company WLL - Kingdom of Saudi Arabia. The management annually conducts a test to determine whether there is an indication of impairment in the value of the Goodwill.

5- Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income are non-trading equity securities and in accordance with IFRS, management has made an irrevocable decision to recognize changes in their fair value through other comprehensive income as they are strategic investments. These investments have been assessed at the date of the interim condensed consolidated financial position based on an internal valuation in accordance with the valuation techniques adopted and disclosed in Note (15).

6- Loan to a related party

This item represents a loan granted to Hits Africa Company (Ltd)- Cayman Island (Previously: an associate company) amounted to USD 75,680,606 bearing an interest rate of 6% matured on March 31, 2017. This loan was granted to Hits Africa Company (Ltd) - Cayman Island (Previously: an associate company) in prior years as a joint venture contract and it hasn't been disclosed in the consolidated financial statements as these transactions were eliminated previously between "The Parent company" and its subsidiaries for the consolidation purpose.

This loan is secured upon a transfer of rights agreement between Hits Africa Company (Ltd)- Cayman Islands (Previously: an associate company) and one of its subsidiaries and upon the mortgaged shares of Hits Africa Company (Ltd)- Cayman Islands (Previously: an associate company) in one of its subsidiaries and the relevant rights in favor of AAN Digital Services Holding Company (Previously: Hits Telecom Company).

Due to the discontinuity of Hits Africa Company's business (Ltd)- Cayman Islands (Previously: an associate company) until know whether it will be liquidated or decided to resume in the future the company's business and for hedge purpose the provision for doubtful debts amounting to KD 3,500,000 was made by "the Group" during the previous year to meet any amounts uncollectible from this loan. See that there is a possibility the company's management and its external counsel for see the possibility of a good collection of the loan in the future.

On adoption of IFRS 9, the Group has estimated its ECL under IFRS 9 and recognized the full amount of the loan to a related party KD 18,686,527, and the credit balance of the foreign currency translation reserve relating to the loan with an amount of KD 761,777. These amounts have been adjusted in the opening balance of accumulated losses in the previous year.

7- Accounts receivable and other debit balances

	June 30, 2019 (Unaudited)	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Trade receivables	**1,801,815**	1,189,676	770,404
Provision for expected credit losses	**(423,149)**	(419,826)	(371,626)
	1,378,666	769,850	398,778
Accrued income	**–**	–	1,150,043
Accrued commissions	**1,824,790**	2,249,571	3,004,255
Letters of guarantees	**1,394,914**	1,521,531	1,257,692
Advance payments	**410,456**	397,317	307,968
Prepaid expenses	**268,795**	379,747	280,605
Staff receivable	**91,216**	200,671	176,680
Refundable deposits	**15,391**	98,123	20,034
Other	**6,197**	5,932	264,477
	5,390,425	5,622,742	6,860,532

8- Transactions with related parties

Related parties comprise of associates, major shareholders, directors and key management personnel of the Group's entities controlled, jointly controlled or significantly controlled by such parties. The Group's management decides on terms and conditions of these transactions. The amounts and balances due from/to related parties are interests free and have no fixed maturity.

The balances and transactions with related parties included in the interim condensed consolidated financial information are as follows:

Interim condensed consolidated Statement of financial position	**June 30, 2019 (Unaudited)**	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Finance, joint ventures and mudaraba	**911,209**	911,209	911,209
Due from related parties	**370,184**	368,916	1,107,965
Due to related parties	**214,932**	211,993	111,353
Loan to a related party	–	–	18,686,527

These transactions with related parties are subject to the approval of the shareholders General Assembly.

Interim condensed consolidated statement of profit or loss

The interim condensed consolidated statement of profit or loss did not include transactions with related parties.

9- Treasury shares

	June 30, 2019 (Unaudited)	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Shares number	**7,319,654**	7,319,654	7,319,654
Contribution Ratio (%)	**%0.839**	%0.839	%0.839
Market value	**79,784**	128,094	146,393
Cost value	**640,233**	640,233	640,233

The Parent Company is required to maintain its reserves and share premium to the cost of treasury shares purchased and not to be distributable throughout the period of its acquisition by the Parent Company in accordance with the instructions of the relevant regulatory authorities.

10- Payable and other credit balance

	June 30, 2019 (Unaudited)	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Trade payables	**3,524,767**	3,656,309	3,112,265
Accrued expenses	**734,769**	905,199	952,070
Other	**492,471**	1,003,357	788,820
	4,752,007	5,564,865	4,853,155

11- Revenues

The decrease in revenues during the financial period is due the non-entry of the subsidiaries in the kingdom of Saudia Arabia in the point system approved by Mobily during the six month ended June 30, 2019 compared to previous period which lead to decrease in sales of the Group in general.

12- Earnings/(loss) per share (Fils)

Earnings/(loss) per share are computed by dividing the net profit/(loss) of the Parent company for the period by the weighted average number of shares outstanding during the period after deducting treasury shares as follow:

	The Three months ended June 30		The Six months ended June 30	
	2019	2018	**2019**	2018
Net profit/(loss) for the period	**1,455,718**	(92,302)	**1,169,768**	(331,899)
Weighted average numbers of outstanding shares during the period	**872,341,610**	872,341,610	**872,341,610**	872,341,610
Weighted average of the treasury shares	**(7,319,654)**	(7,319,654)	**(7,319,654)**	(7,319,654)
Weighted average number of shares, less treasury shares	**865,021,956**	865,021,956	**865,021,956**	865,021,956
Earnings/(loss) per share (Fils)	**1.68**	(0.10)	**1.35**	(0.38)

13- Shareholders' General Assembly

The Annual General Assembly of the Shareholders were held on May 19, 2019. It approved the consolidated financial statements for the financial year ended December 31, 2018, and approved the board of directors' proposal not to distribute dividends for the financial year ended December 31,2018 neither to distribute board of directors remuneration for the financial year then ended December 31,2018.

14- Segment information

"The Group" monitors the operating results of its segments separately for the purpose of making decisions about resource allocations and performance assessment.

Operating segment

"The Group" primarily operates on one area of the business activity represented in communication field, accordingly information reported to the group's decision makers for the purpose of resource allocation and performance assessment is more specifically focused on the types of communication activities

Geographic information
"The Group" operates in various geographic regions and the following table shows the distribution of "the Group's" income and non-current assets by geographic region:

	The Six months ended June 30, 2019		The Six months ended June 30, 2018	
Region	**Revenues**	**Non-current assets**	Revenues	Non-current assets
State of Kuwait	**3,709,918**	**11,254,807**	4,287,751	27,610,322
Outside Kuwait				
Kingdom of Saudi Arabia	**16,354,518**	**14,081,007**	39,116,901	16,718,666
UAE	**425,916**	**11,212**	863,487	17,464
Bahrain	–	–	–	150,000
	20,490,352	**25,347,026**	44,268,139	44,496,452

15- Financial instruments

Categories of financial instruments
The Group's financial assets and liabilities are classified in the interim condensed consolidated statement of financial position as follows:

Financial assets	**June 30, 2019 (Unaudited)**	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Investment at fair value through other comprehensive income	**11,169,369**	11,209,478	11,359,478
Investment in joint venture	**52,650**	53,158	90,502
Accounts receivable and other debit balances	**5,390,425**	5,622,742	6,860,532
Due from related parties	**370,184**	368,916	1,107,965
Lone to related party	–	–	18,686,527
Finance, joint ventures and mudaraba	**911,209**	911,209	911,209
Investments at fair value –statement of profit or loss	**42**	42	42
Cash and cash equivalents	**718,221**	587,353	491,192
	18,612,100	18,752,898	39,507,447

Financial liabilities	**June 30, 2019 (Unaudited)**	December 31, 2018 (audited)	June 30, 2018 (Unaudited)
Accounts payable and other credit balances	**4,752,007**	5,564,865	4,853,155
Due to related parties	**214,932**	211,993	111,353
	4,966,939	5,776,858	4,964,508

Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group has used the assumptions and accepted methods in the assessment of fair values of financial instruments. The fair values of the Group's financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on future discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of the non-derivative financial instruments is not materially different from its respective carrying value.

The following table presents financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the 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 inputs to the fair value measurement.

June 30, 2019:	**Level 3**
Investment at fair value through other comprehensive income	
Unquoted securities	**11,169,369**
Total	**11,169,369**

December 31, 2018 (audited):	Level 3
Investments at fair value through other comprehensive income	
Un-quoted shares	11,209,478
Total	11,209,478

June 30, 2018:	Level 3
Investment at fair value through other comprehensive income	
Unquoted securities	11,359,478
Total	11,359,478

The fair value of these assets has been estimated in accordance with level 3 based on internal evaluation based on Management's estimates.

During the period there was no transfer between the levels.

16- Lawsuits

"The Group" has some potential lawsuits represented in cases pending at various levels judicial with other parties and according to the legal department of the Group, the potential results of these lawsuits could not be determined until the date of interim condensed consolidated statement of financial position as of June 30, 2019. Therefore "the Group's" management believes that there is no need to make a provision for these amounts until determining the outcome of these claims and issues.