AAN Digital Services Holding Company

K.S.C. Public
and its subsidiaries
Kuwait

Interim condensed consolidated
financial information
for the nine month period ended September 30, 2019
(Unaudited)

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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
Kuwait

Review report on the interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial information of AAN Digital Services Holding Company - K.S.C. Public - "The Parent" and its subsidiaries (together referred to as" The Group") as of September 30, 2019 and the related interim condensed consolidated statements of financial position, profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine month 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 nine month period ended September 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 article of incorporation and memorandum 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.

Ali A. Al Hasawi
License No. 30 - (A)
Rödl Middle East
Burgan - International Accountants

November 14, 2019
State of Kuwait

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

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

Assets	Note	September 30, 2019 (Unaudited)	December 31, 2018 (audited) (Restated)	September 30, 2018 (Unaudited)
Non-current assets				
Property and equipment		**162,967**	223,639	218,290
Assets utilization right		**366,320**	-	-
Intangible assets	4	**13,922,273**	14,098,479	14,017,412
Investment in joint venture	5	**52,429**	53,274	9,657
Investment at fair value through statement of other comprehensive income	6	**11,187,885**	11,189,168	11,359,478
Loan to a related party	7	-	-	18,686,527
		25,691,874	25,564,560	44,291,364
Current assets				
Inventory		**2,047,946**	2,044,806	2,097,463
Accounts receivable and other debit balances	8	**5,486,332**	5,280,760	6,610,856
Due from related parties	9	**400,747**	451,040	1,529,420
Finance, joint ventures and mudaraba		**911,209**	911,209	911,209
Investment at fair value through statement of profit or loss	10	**244,835**	42	42
Cash and cash equivalents		**444,870**	577,813	425,666
		9,535,939	9,265,670	11,574,656
Total assets		**35,227,813**	34,830,230	55,866,020
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	11	**(640,233)**	(640,233)	(640,233)
Treasury shares reserve		**260,411**	260,411	260,411
Cumulative changes in fair value		**(3,056,077)**	(3,056,077)	(2,906,077)
Foreign currency translation reserve		**601,934**	851,593	1,574,527
Accumulated losses		**(61,746,121)**	(62,641,733)	(42,640,824)
Total equity		**29,500,655**	28,854,702	49,728,545
Non-current liabilities				
Non-current portion of obligation leases		**154,335**	-	-
Provision for end of service indemnity		230,650	477,472	489,377
		384,985	477,472	489,377
Current liabilities				
Current portion of obligation leases		**211,985**	-	-
Accounts payable and other credit balances	12	**4,915,713**	5,213,278	5,585,852
Due to related parties	9	**214,475**	284,778	62,246
		5,342,173	5,498,056	5,648,098
Total equity and liabilities		**35,227,813**	34,830,230	55,866,020

Abdul Mohsen Shahrayan
Chairman

The accompanying notes form an integral part of this 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 for the nine months ended September 30, 2019 (Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	The Three months ended September 30		The Nine months ended September 30	
		2019	2018	**2019**	2018
Revenue	13	**10,689,072**	18,775,006	**31,179,424**	63,043,145
Cost of sales		**(9,737,938)**	(17,719,139)	**(26,561,706)**	(59,599,274)
Gross profit		**951,134**	1,055,867	**4,617,718**	3,443,871
Change in fair value for investment at fair value through statement of profit or loss		**(3,625)**	-	**(3,625)**	-
General and administrative expenses		**(254,830)**	(372,696)	**(1,169,493)**	(1,205,021)
Marketing and selling expenses		**(910,379)**	(934,394)	**(2,409,896)**	(2,664,576)
Provision for expected credit losses		-	113	-	(36,227)
Depreciation and amortization		**(42,461)**	(43,638)	**(91,159)**	(135,729)
Finance charges		**(16,456)**	(19,088)	**(65,155)**	(58,762)
Other income		**9,841**	8,351	**58,789**	19,060
Profit/(loss) for the period before National Labour Support Tax and Zakat		**(266,776)**	(305,485)	**937,179**	(637,384)
National Labour Support Tax		**(5,272)**	-	**(29,691)**	-
Zakat		**(2,108)**	-	**(11,876)**	-
Net profit/(loss) for the period		**(274,156)**	(305,485)	**895,612**	(637,384)
Earnings/(loss) per share (Fils)	14	**(0.32)**	(0.35)	**1.04**	(0.74)

AAN Digital Services Holding Company K.S.C. Public
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Interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended September 30, 2019
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The Three months ended September 30		The Nine months ended September 30	
	2019	2018	**2019**	2018
Net profit/(loss) for the period	**(274,156)**	(305,485)	**895,612**	(637,384)
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**	-	-	-
Items that will be reclassified subsequently to the interim condensed consolidated statement of profit or loss:				
Foreign currency translation differences	**(108,158)**	72,658	**(249,659)**	164,451
Other comprehensive income for the period	**(3,458)**	72,658	**(249,659)**	164,451
Total comprehensive income for the period	**(277,614)**	(232,827)	**645,953**	(472,933)

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

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

Interim condensed consolidated statement of changes in equity for the nine months ended September 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 (As previously presented)	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,405,936	(41,447,021)	50,753,757
Prior years adjustments	–	–	–	–	–	4,140	(555,403)	(551,263)
Balance at January 1, 2018 (restated)	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,410,076	(42,002,424)	50,202,494
Impact of adopting 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)	1,410,076	(42,003,440)	50,201,478
Net loss for the period	–	–	–	–	–	–	(637,384)	(637,384)
Other comprehensive income for the period	–	–	–	–	–	164,451	–	164,451
Total comprehensive income for the period	–	–	–	–	–	164,451	(637,384)	(472,933)
Balance as of September 30, 2018	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,574,527	(42,640,824)	49,728,545
Balance at January 1, 2019 (As previously presented)	87,234,161	6,846,580	(640,233)	260,411	(3,056,077)	753,115	(62,533,038)	28,864,919
Prior years adjustments (Note - 16)	–	–	–	–	–	98,478	(108,695)	(10,217)
Balance at January 1, 2019 (restated)	87,234,161	6,846,580	(640,233)	260,411	(3,056,077)	851,593	(62,641,733)	28,854,702
Net profit for the period	–	–	–	–	–	–	895,612	895,612
Other comprehensive income for the period	–	–	–	–	–	(249,659)	–	(249,659)
Total comprehensive income for the period	–	–	–	–	–	(249,659)	895,612	645,953
Balance as of September 30, 2019	**87,234,161**	**6,846,580**	**(640,233)**	**260,411**	**(3,056,077)**	**601,934**	**(61,746,121)**	**29,500,655**

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

AAN Digital Services Holding Company K.S.C. Public
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Interim condensed consolidated statement of cash flows for the nine months ended September 30, 2019 (Unaudited)
"All amounts are in Kuwaiti Dinar"

	The Nine months ended September 30	
	2019	2018
Cash flows from operating activities		
Net profit/(loss) for the period	**895,612**	(637,384)
Adjustments:		
Depreciation and amortization	**91,159**	135,729
Disposal of property and equipment at cost	**47,170**	-
Provision for expected credit losses	**-**	36,227
Change in fair value for investment at fair value through statement of profit or loss	**3,625**	-
Provision for end of service indemnity	**79,572**	115,621
Finance charges	**65,155**	58,762
Adjusted profit/(loss) before calculating the effect of changes in working capital items	**1,182,293**	(291,045)
Inventory	**(3,140)**	712,318
Accounts receivable and other debit balances	**(192,946)**	(44,588)
Related parties	**(20,010)**	(508,877)
Accounts payable and other credit balances	**(297,565)**	145,386
Cash generated from operations	**668,632**	13,194
End of service indemnity paid	**(325,803)**	(109,998)
Net cash generated from/(used in) operating activities	**342,829**	(96,804)
Cash flows from investing activities		
Property and equipment	**(71,620)**	(6,143)
Intangible assets	**-**	(4,640)
Investment at fair value through statement of profit or loss	**(250,000)**	-
Net cash used in investing activities	**(321,620)**	(10,783)
Cash flows from financing activities		
Finance charges paid	**(65,155)**	(58,762)
Net cash used in financing activities	**(65,155)**	(58,762)
Foreign currency translation reserve	**(88,997)**	165,855
Net decrease in cash and cash equivalents	**(132,943)**	(494)
Cash and cash equivalents at the beginning of the period	**577,813**	426,160
Cash and cash equivalents at the end of the period	**444,870**	425,666

The accompanying notes form an integral part of this 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 nine months ended September 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 1960 article No. 15, and its subsequent amendments. And several amendments had been made for the commercial register, of which the last was change the commercial name of "the parent company" on July 13, 2017.

The objectives for which "the parent company's 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 estate's 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 Area - Complex/ Mohamed Salah Yousef Bahbahani – Floor (3) – Kuwait City.

The interim condensed consolidated financial information for the Nine months ended September 30, 2019 was authorized for issue from the Board of Directors of "the Parent Company" on November 14, 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 nine-month period ended September 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 has become effective with effect from January 1, 2019.
The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group expect for the adoption of IFRs 16. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a. IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group has applied IFRS 16 using the modified retrospective approach. Under this approach the Group does not restate its comparative figures but recognises the cumulative effect of adopting IFRS 16, (if any) as an adjustment to the opening balance of retained earnings as of January 1, 2019. Accordingly, the Group's accompanying interim condensed consolidated financial information for the nine months ended September 30, 2019 have been prepared in accordance with the requirements of IFRS 16 and there for the Group recognised an assets utilization right and leases obligation with in liabilities.

b. Other amendments to Standards

The following interpretation and amendments to standards have also 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:

- 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 consolidated 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 consolidated financial statements.

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 the Group's 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	September 30, 2019 (Unaudited)	December 31, 2018 (audited) (Restated)	September 30, 2018 (Unaudited)
Qanawat Holding Company B.S.C - closed	Bahrain	**99%**	99%	99%
On Touch General Trading Co. 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 –B.S.C - closed own the following subsidiaries:

		Ownership percentage		
	Country of incorporation	September 30, 2019 (Unaudited)	December 31, 2018 (audited) (Restated)	September 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 interim condensed consolidated financial information for all subsidiaries has been consolidated based on the financial information prepared by the management as of September 30, 2019, total assets of these subsidiaries included in the interim condensed consolidated statement of financial position are KD 26,553,497 (December 31, 2018: KD 18,068,962, September 30, 2018: KD 26,932,778) and their net profit included in the interim condensed consolidated statement of profit or loss is KD 1,137,136 (December 31, 2018: KD (438,740), September 30, 2018: KD (426,309)).

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- Assets utilization right

This item represents the present value of capitalized lease amounts in accordance of IFRS 16 effective starting from the current year, which will be amortized over the relevant leases.

5- Intangible assets

This item represents key money amounting to Nil as of September 30, 2019 (KD 6,126 as of December 31, 2018, KD 39,482 as of September 30, 2018) and a Goodwill amounting to KD 13,922,273 as of September 30, 2019 (KD 14,092,353 as of December 31, 2018, KD 13,977,930 as of September 30, 2018) resulted from acquisition of a subsidiary company - Qanawat Telecom Company (W.L.L) - Kingdom of Saudi Arabia – and the management annually establishes a test to determine whether there is any indication of impairment in the value of the Goodwill.

6- Investments at fair value through statement of other comprehensive income

Investments at fair value through statement of 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 statement of 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 -18).

7- 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.

8- Accounts receivable and other debit balances

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited) (Restated)	September 30, 2018 (Unaudited)
Trade receivables	**1,782,497**	1,207,093	1,308,340
Provision for expected credit losses	**(429,717)**	(346,024)	(446,551)
	1,352,780	861,069	861,789
Accrued income	**-**	843,754	2,289,857
Accrued commissions	**1,588,416**	1,396,927	1,150,043
Reserved against letters of guarantees	**1,543,464**	1,011,059	1,418,464
Advance payments	**-**	457,311	300,851
Prepaid expenses	**307,608**	355,835	304,679
Staff receivable	**118,396**	221,889	171,197
Refundable deposits	**14,565**	77,950	22,071
Advance payments for purchasing investments	**557,800**	-	80,010
Other	**3,303**	54,966	11,895
	5,486,332	5,280,760	6,610,856

9- Transactions with related parties

Related parties comprise of associates, major shareholders, Board of Directors, key management personnel of "the Group" and 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	September 30, 2019 (Unaudited)	December 31, 2018 (Audited) (Restated)	September 30, 2018 (Unaudited)
Finance, joint ventures and mudaraba	**911,209**	911,209	911,209
Due from related parties	**400,747**	451,040	1,529,420
Due to related parties	**214,475**	284,778	62,246
Loan to a related party (Note – 7)	-	-	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 does not include transactions with related parties.

10- Investment at fair value through statement of profit or loss

The movement in investments at fair value through other comprehensive income during the period/year/period is as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)	September 30, 2018 (Unaudited)
Balance at January 1,	42	42	42
Additions	250,000	-	-
Disposals	(1,582)	-	-
Change in fair value	(3,625)	-	-
	244,835	42	42

The investment at fair value through other comprehensive income is valued in accordance with the valuation technique disclosed in (Note 18).

11- Treasury shares

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)	September 30, 2018 (Unaudited)
Shares number	7,319,654	7,319,654	7,319,654
Contribution Ratio (%)	%0.839	%0.839	%0.839
Market value	117,114	128,094	137,609
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.

12- Accounts payable and other credit balances

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited) (Restated)	September 30, 2018 (Unaudited)
Trade payables	3,584,072	3,483,189	3,757,353
Advance payments from customers	-	132,023	-
Accrued expenses	717,570	939,205	936,518
Deferred cheques	-	-	542,338
Other	614,071	658,861	349,643
	4,915,713	5,213,278	5,585,852

13- Revenue

The decrease in revenues during the current 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 nine month ended September 30, 2019 compared to previous period which lead to decrease in sales of the Group in general.

14- 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 September 30		The Nine months ended September 30	
	2019	2018	**2019**	2018
Net profit/(loss) for the period	**(274,156)**	(305,485)	**895,612**	(637,384)
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)	**(0.32)**	(0.35)	**1.04**	(0.74)

15- 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.

16- Prior years restated

The consolidated financial statements for the year ended as of December 31, 2018 of "the Group" included unaudited financial information prepared by the management for a subsidiary (Qanwat Telecom Company – W.L.L. and its subsidiaries – Kingdom of Saudi Arabia). During the current period, the audited financial statements of this subsidiary company have been issued and showed accumulated loss with SAR 7,861,053 equivalent to KD 632,005.While the financial information prepared by the management in the consolidated financial statements of the previous year showed accumulated loss with SAR 6,461,574 equivalents KD 523,310. "The Group" has restated the comparative figures of previous year retroactively because the adjustments were material and had an effect on the net assets of the Group as of September 30, 2019.

Based on the above, the accumulated losses and foreign currency translation reserve as of December 31, 2018 have been restated with amount of KD 108,695 and KD 98,478 respectively, and the book value of assets and liabilities as stated in table below have been also restated:

	Before restated	**restated**	**After restated**
Property and equipment	223,487	152	223,639
Investment in joint venture	53,158	116	53,274
Inventory	2,044,318	488	2,044,806
Accounts receivable and other debit balances	5,622,742	(341,982)	5,280,760
Due from related parties	368,916	82,124	451,040
Accounts payable and other credit balances	5,564,865	(351,587)	5,213,278
Due to related parties	211,993	72,785	284,778

The effect of restated on consolidated statement of profit or loss is increase in the previous year accumulated losses with amount of KD 108,695 as of December 31, 2018.

17- 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 Nine months ended September 30, 2019		The Nine months ended September 30, 2018	
Region	**Revenues**	**Non-current assets**	Revenues	Non-current assets
State of Kuwait	**6,093,989**	**8,957,723**	7,107,755	30,025,260
Outside Kuwait				
Kingdom of Saudi Arabia	**24,362,409**	**16,724,496**	54,666,880	14,100,676
UAE.	**723,026**	**9,655**	1,268,510	15,428
Bahrain	**-**	**-**	-	150,000
	31,179,424	**25,691,874**	63,043,145	44,291,364

18- 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	**September 30, 2019 (Unaudited)**	December 31, 2018 (Audited) (Restated)	September 30, 2018 (Unaudited)
Investment at fair value through other comprehensive income	**11,187,885**	11,189,168	11,359,478
Investment in joint venture	**52,429**	53,274	9,657
Accounts receivable and other debit balances	**5,486,332**	5,280,760	6,610,856
Due from related parties	**400,747**	451,040	1,529,420
Loan to a related party	**-**	-	18,686,527
Finance, joint ventures and mudaraba	**911,209**	911,209	911,209
Investments at fair value through statement of profit or loss	**244,835**	42	42
Cash and cash equivalents	**444,870**	577,813	425,666
	18,728,307	18,463,306	39,532,855

Financial liabilities	September 30, 2019 (Unaudited)	December 31, 2018 (Audited) (Restated)	September 30, 2018 (Unaudited)
Leases obligation	366,320	–	–
Accounts payable and other credit balances	4,915,713	5,213,278	5,585,852
Due to related parties	214,475	284,778	62,246
	5,496,508	5,498,056	5,648,098

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.

The fair value of financial instruments carried at amortized cost is not significantly different from their 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.

- 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.

September 30, 2019:	Level 1	Level 3	Total
Assets:			
Investment at fair value through statement of profit or loss			
Investment portfolios	244,835	-	244,835
Investments at fair value through other comprehensive income			
Unquoted financial securities	-	11,187,885	11,187,885
Total	244,835	11,187,885	11,432,720

December 31, 2018: (audited) (Restated)	Level 3
Investment at fair value through other comprehensive income	
Unquoted financial securities	11,189,168

September 30, 2018:	Level 3
Investment at fair value through other comprehensive income	
Unquoted financial securities	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.
There are no transfers between the levels during the period.

19- Subsequent events

The ordinary general assembly was held on November 14, 2019 and has approved the appointment of Mr. Ali Abdul Rahman Al Hasawi as an auditor instead of deceased Mr. Abdulhussain M. Al- Rasheed.

20- 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 September 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.