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, 2018
(Unaudited)

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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, 2018 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.

The basis of qualified conclusion

"The Group" hasn't collected the loan mentioned in Note (8) as of its maturity date, "the Group" hasn't also kept a sufficient provision for doubtful debts (in accordance with IFRS 9) to cover the expected future credit loss of this loan and its accrued interest amounting to KD 1,150,043 as disclosed in Note (9) on the interim condensed consolidated financial information.

Qualified conclusion

Based on our review – and with the exception of what has been stated in the basis of qualified conclusion and any effect that may arise as a result - 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, 2018 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.

Abdul Husain M. AL-Rasheed
Licence No. 67 (A)
Rödl Middle East
Burgan International Accountants

November 14, 2018
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 September 30, 2018 (Unaudited)
"All amounts are in Kuwaiti Dinar"

Assets	Note	September 30, 2018	December 31, 2017 (audited) (Restated)	September 30, 2017
Non-current assets				
Property and equipment		**218,290**	301,899	126,881
Intangible assets	4	**14,017,412**	14,100,459	14,184,394
Investment in joint venture	5	**9,657**	9,671	14,274
Investment at fair value through statement of other comprehensive income	6	**11,359,478**	–	–
Available for sale investments	7	–	11,359,478	17,139,065
Loan to a related party	8	**18,686,527**	18,686,527	18,686,527
		44,291,364	44,458,034	50,151,141
Current assets				
Inventory		**2,097,463**	2,809,781	2,665,414
Accounts receivable and other debit balances	9	**6,610,856**	6,554,084	6,559,342
Due from related parties	10	**1,529,420**	1,111,947	1,145,440
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		**425,666**	426,160	495,068
		11,574,656	11,813,223	11,776,515
Total assets		55,866,020	56,271,257	61,927,656
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		**(640,233)**	(640,233)	(640,233)
Treasury shares reserve		**260,411**	260,411	260,411
Cumulative changes in fair value		**(2,906,077)**	(2,906,077)	(2,906,077)
Foreign currency translation reserve		**1,574,527**	1,410,076	1,463,337
Accumulated losses		**(42,640,824)**	(42,002,424)	(36,119,719)
Total equity		49,728,545	50,202,494	56,138,460
Non-current liabilities				
Provision for end of service indemnity		489,377	474,647	502,048
Current liabilities				
Accounts payable and other credit balances	11	**5,585,852**	5,440,466	5,173,239
Due to related parties	10	**62,246**	153,650	113,909
		5,648,098	5,594,116	5,287,148
Total equity and liabilities		55,866,020	56,271,257	61,927,656

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, 2018 (Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	The Three months ended September 30		The Nine months ended September 30	
		2018	2017	**2018**	2017
Revenue	12	**18,775,006**	8,503,075	**63,043,145**	25,567,837
Cost of sales		**(17,719,139)**	(7,471,792)	**(59,599,274)**	(22,678,574)
Gross profit		**1,055,867**	1,031,283	**3,443,871**	2,889,263
General and administrative expenses		**(372,696)**	(548,312)	**(1,205,021)**	(1,956,371)
Marketing and selling expenses		**(934,394)**	(914,250)	**(2,664,576)**	(2,327,574)
Provision for doubtful debts		**113**	-	**(36,227)**	-
Depreciation and amortization		**(43,638)**	(36,982)	**(135,729)**	(111,638)
Finance charges		**(19,088)**	(7,921)	**(58,762)**	(31,739)
Loss from investment in joint venture		**-**	(8,639)	**-**	(8,639)
Other income/(expenses)		**8,351**	(4,443)	**19,060**	(4,443)
Net loss for the period		**(305,485)**	(489,264)	**(637,384)**	(1,551,141)
Loss per share/(fils)	13	**(0.35)**	(0.56)	**(0.74)**	(1.79)

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 and other comprehensive income for the nine months ended September 30, 2018
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The Three months ended September 30		The Nine months ended September 30	
	2018	2017	**2018**	2017
Net loss for the period	**(305,485)**	(489,264)	**(637,384)**	(1,551,141)
Other comprehensive income/(loss) for the period:				
Items that will be reclassified subsequently to the interim condensed consolidated statement of profit or loss:				
Foreign currency translation differences	**72,658**	(57,287)	**164,451**	(246,406)
Other comprehensive income/(loss) for the period	**72,658**	(57,287)	**164,451**	(246,406)
Total comprehensive loss for the period	**(232,827)**	(546,551)	**(472,933)**	(1,797,547)

The accompanying notes form an integral part of this 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 nine months ended September 30, 2018 (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, 2017	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,709,743	(34,568,578)	57,936,007
Net loss for the period	–	–	–	–	–	–	(1,551,141)	(1,551,141)
Other comprehensive loss for the period	–	–	–	–	–	(246,406)	–	(246,406)
Total comprehensive loss for the period	–	–	–	–	–	(246,406)	(1,551,141)	(1,797,547)
Balance as of September 30, 2017	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,463,337	(36,119,719)	56,138,460
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 (Note - 15)	–	–	–	–	–	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 (Note - 9)	–	–	–	–	–	–	(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 loss 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**

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, 2018 (Unaudited)
"All amounts are in Kuwaiti Dinar"

	The Nine months ended September 30	
	2018	2017
Cash flows from operating activities		
Net loss for the period	(637,384)	(1,551,141)
Adjustments:		
Depreciation and amortization	135,729	111,638
Loss from investment in joint venture	-	8,639
Loss from disposal of property and equipment	-	4,443
Provision for doubtful debts	36,227	-
Provision for end of service indemnity	115,621	165,944
Finance charges	58,762	31,739
Adjusted loss before calculating the effect of changes in working capital items	(291,045)	(1,228,738)
Inventory	712,318	3,477,418
Accounts receivable and other debit balances	(44,588)	(445,903)
Related parties	(508,877)	126,698
Accounts payable and other credit balances	145,386	(1,694,552)
Cash generated from operations	13,194	234,923
End of service indemnity paid	(109,998)	(265,491)
Net cash used in operating activities	(96,804)	(30,568)
Cash flows from investing activities		
Property and equipment	(6,143)	(43,217)
Proceeds from sale of property and equipment	-	26,969
Intangible assets	(4,640)	(3,476)
Net cash used in investing activities	(10,783)	(19,724)
Cash flows from financing activities		
Finance charges paid	(58,762)	(31,739)
Net cash used in financing activities	(58,762)	(31,739)
Foreign currency translation reserve	165,855	(96,269)
Net decrease in cash and cash equivalents	(494)	(178,300)
Cash and cash equivalents at the beginning of the period	426,160	673,368
Cash and cash equivalents at the end of the period	425,666	495,068

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, 2018 (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 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, 2018 was authorized for issue from the Board of Directors of "the Parent Company" on November 14, 2018.

2- Significant accounting policies

2/1) Basis of preparation

The interim condensed consolidated financial information of "the Group" has been prepared in accordance with IAS 34, "***Interim Financial Reporting***". Accordingly, it does not include all of the information and footnotes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of "the Group" for the year ended December 31, 2017 except for the adoption of IFRS 9: Financial Instruments ("IFRS 9") and IFRS 15: Revenue from Contracts with Customers ("IFRS 15") from January 1, 2018. The changes in the accounting policies arising from the adoption of these standards are explained below.

In the opinion of the Group's management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the consolidated year ending December 31, 2018. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2017.

This interim condensed consolidated financial information is presented in Kuwaiti Dinar ("KD") which is the functional and presentation currency of "the Group".

2/2) Application of new International Financial Reporting Standards (IFRSs)

- **Adoption of IFRS 9: Financial Instruments**
  The Group has adopted IFRS 9 issued in July 2014 with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

Financial assets
The Group classifies financial assets upon initial recognition of IFRS 9 into following categories:
- Fair Value Through Profit and Loss (FVTPL)
- Fair value though other comprehensive income (FVOCI)
- Amortized cost (AC)

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through statement of profit or loss. Transaction costs on financial assets classified as at fair value through statement of profit or loss are recognized in the interim condensed consolidated statement of profit or loss.

Fair value through profit and loss (FVTPL)
The Group's financial assets classified at fair value through statement of profit or loss are acquired or issued principally for short-term profit through trading activities or forming part of a portfolio of jointly managed financial instruments. There is an evidence of a recent model for short-term profit.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in the interim condensed consolidated statement of profit or loss. Interest income and dividends are recognized in the interim condensed consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Fair value through other comprehensive income (FVOCI)
Debt instruments at FVOCI
The Group classifies debt instruments at FVOCI if it meets both of the following conditions:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in the interim condensed consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to interim condensed consolidated statement of profit or loss.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Equity instruments at FVOCI are subsequently measured at fair value. Changes in fair value including foreign exchange gains and losses are recognized in OCI. Dividends are recognized in interim condensed consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses will be reclassified from fair value reserve to retained earnings in the interim condensed consolidated statement of changes in equity.

Amortized cost (AC)
The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses (if any). Interest income, foreign exchange gains/losses and impairment are recognized in the interim condensed consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in the interim condensed consolidated statement of profit or loss.

Financial liabilities
The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from Group's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the interim condensed consolidated statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Classification and measurement of financial assets and financial liabilities
The Group determines classification and measurement category of financial assets, except equity instruments and derivatives, based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account.

The SPPI test
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows met the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Impairment of financial assets
IFRS 9 replaces the "incurred loss" model in IAS 39 with an "Expected Credit Loss" (ECL) model. Accordingly, the Group applies the new impairment model for its financial assets. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Incorporating forward-looking information increases the degree of judgment required as to how changes in these macro-economic factors will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

IFRS 9 introduces three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognized.

Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Group expects to apply the simplified approach to recognize lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorized under stage 2 and lifetime ECL is recognized.
Objective evidence that debt instrument is impaired includes whether any payment of principal or profit is overdue by more than 90 days or there are any known difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc. The Group assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for AC.

The effect of adoption of IFRS 9 regarding ECL amounted to KD 36,227 for the nine month period ended on September 30, 2018, and the additional impairment in value amounted to KD 1,016 was recorded in retained earning balance in the interim condensed consolidated statement of change in equity as shown in note (9) on the interim condensed consolidated financial information.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a. Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2017 under IFRS 9.
b. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL;
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

- **Adoption of IFRS 15: Revenue from Contracts with Customers**
IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after January 1, 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

Step 1 : Identify the contract(s) with a customer
Step 2 : Identify the performance obligations in the contract
Step 3 : Determine the transaction price
Step 4 : Allocate the transaction price to the performance obligations in the contract
Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

The Group adopted IFRS 15 "Revenue from Contracts with Customers" resulting in no change in the revenue recognition policy of the Group in relation to its contracts with customers. Further, adoption of IFRS 15 had no impact on this interim condensed consolidated financial information of the Group.

2/3) 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 of and for the year ended December 31, 2017.

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, 2018	December 31, 2017 (audited)	September 30, 2017
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%	-

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

		Ownership percentage		
	Country of incorporation	September 30, 2018	December 31, 2017 (audited)	September 30, 2017
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, 2018, total assets of these subsidiaries included in the interim condensed consolidated statement of financial position are KD 26,932,778 (December 31, 2017: KD 26,962,911, September 30, 2017: KD 32,678,482) and their net loss included in the interim condensed consolidated statement of profit or loss is KD 426,309 (December 31, 2017: KD 5,664,955 , September 30, 2017: KD 1,186,605).

4- Intangible assets

This item represents key money amounting to KD 39,482 as of September 30, 2018 (KD 80,137 as of December 31, 2017, KD 145,487 as of September 30, 2017) and a Goodwill amounting to KD 13,977,930 as of September 30, 2018 (KD 14,020,322 as of December 31, 2017, KD 14,038,907 as of September 30, 2017) 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.

5- Investment in joint venture

During the current period, one of the subsidiaries has merged the related accounts of a joint venture (Automatic payment machines) with the regular accounts of the company due to the annulment of the agreement with the other party.
The Group's share was not recognized in the joint venture due to non-availability of the financial information as of September 30, 2018.

The movement occurred during the period/year/period is as follows:

	September 30, 2018	December 31, 2017 (audited) (Restated)	September 30, 2017
Amount invested	**9,671**	268,552	268,552
Additions	-	263,208	-
Project losses	-	(13,288)	(8,639)
Adjustments of assets reclassified	-	(507,985)	(245,639)
Foreign currency translation	(14)	(816)	-
	9,657	9,671	14,274

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 -17).

7- Available for sale investments

This available for sale investments represents on unquoted local and foreign investments. The following movement occurred during the period as follows:

	September 30, 2018	December 31, 2017 (audited) (Restated)	September 30, 2017
Balance at January 1,	**11,359,478**	17,139,065	17,139,065
Impairment loss on value	-	(5,779,587)	-
Transferred to investments at fair value through statement of other comprehensive income	(11,359,478)	-	-
	-	11,359,478	17,139,065

On January 1, 2018 "the Group" adopted IFRS 9 and as a result, it reclassified available for sale investments with a carrying amount of KD 11,359,478 to investments at fair value through statement of other comprehensive income (Note - 6).

8- 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.

Due to the discontinuity of Hits Africa Company's business (Ltd)- Cayman Islands (Previously: an associate company) and keeping it under liquidation until it is determined whether to liquidate the same or resume the Company's business in future and for hedge purpose, the provision for doubtful debts amounting to KD 3,500,000 was kept by "the Group" during the previous years to meet any doubtful debts. The Company's management deems that the loan's collection in future is highly possible.

The loan interest has not been calculated based on the Sharia's opinion which states non calculation of interests before the contract settlement.

9- Accounts receivable and other debit balances

	September 30, 2018	December 31, 2017 (audited) (Restated)	September 30, 2017
Trade receivables	**1,308,340**	1,337,747	1,118,646
Provision for doubtful debts	**(446,551)**	(384,826)	(175,559)
	861,789	952,921	943,087
Accrued income*	**2,289,857**	2,277,828	2,576,372
Accrued commissions	**1,150,043**	1,223,845	1,150,043
Letters of guarantees	**1,418,464**	620,467	1,085,304
Prepaid expenses	**300,851**	653,364	2,727
Advance payments	**304,679**	310,299	302,473
Staff receivable	**171,197**	182,191	186,311
Refundable deposits	**22,071**	112,428	17,826
Advance payments for purchasing investments	**80,010**	79,851	-
Other	**11,895**	140,890	295,199
	6,610,856	6,554,084	6,559,342

On adoption of IFRS 9 on January 1, 2018 the Group estimated its ECL under IFRS 9 and recognized KD 36,227 for the nine months ended on September 30, 2018, it also recognized additional impairment of KD 1,016 on its trade receivables, this balance is adjusted in the opening balance of accumulated losses.

* The item of accrued income includes the amount of KD 1,150,043 due on the loan mentioned in note (8) which was calculated in previous years.

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10- 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, 2018**	December 31, 2017 (audited) (Restated)	September 30, 2017
Finance, joint ventures and mudaraba	**911,209**	911,209	911,209
Due from related parties	**1,529,420**	1,111,947	1,145,440
Due to related parties	**62,246**	153,650	113,909
Loan to a related party (Note – 8)	**18,686,527**	18,686,527	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.

11- Accounts payable and other credit balances

	September 30, 2018	December 31, 2017 (audited) (Restated)	September 30, 2017
Trade payables	**3,757,353**	4,095,894	3,198,860
Accrued expenses	**936,518**	673,756	990,805
Deferred cheques	**542,338**	-	502,247
Other	**349,643**	670,816	481,327
	5,585,852	5,440,466	5,173,239

12- Revenue

The increase in revenues during the current financial period was resulted from the improvement of the terms of the points system adopted by the main operator of the subsidiary in the Kingdom of Saudi Arabia and consequently the entry of these subsidiary in this system and the increase of their sales.

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13- Loss per share/(fils)

Loss per share/(fils) is computed by dividing the net loss attributable to shareholders of "the Parent company" for the period by the weighted average number of ordinary and outstanding shares during the period after deducting treasury shares as follow:

	The Three months ended September 30		The Nine months ended September 30	
	2018	2017	**2018**	2017
Net loss for the period	**(305,485)**	(489,264)	**(637,384)**	(1,551,141)
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
Loss per share/(fils)	**(0.35)**	(0.56)	**(0.74)**	(1.79)

14- Shareholders' General Assembly

The Annual General Assembly of the Shareholders were held on June 11, 2018. It approved the consolidated financial statements for the financial year ended December 31, 2017, and approved the board of directors' proposal not to distribute dividends for the financial year ended December 31,2017 neither to distribute board of directors remuneration for the financial year then ended.

15- Prior years restated

The consolidated financial statements for the year ended as of December 31, 2017 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 14,574,456 equivalent to KD 1,180,921. While the financial information prepared by the management in the consolidated financial statements of the previous year showed accumulated loss with SAR 7,888,961 equivalents KD 625,518. "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, 2018.

Based on the above, the accumulated losses and foreign currency translation reserve as of December 31, 2017 have been restated with amount of KD 555,403 and KD 4,140 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	257,346	44,553	301,899
Investment in joint venture	283,798	(274,127)	9,671
Inventory	2,736,832	72,949	2,809,781
Accounts receivable and other debit balances	6,171,753	382,331	6,554,084
Due from related parties	1,074,355	37,592	1,111,947
Accounts payable and other credit balances	4,669,095	771,371	5,440,466
Due to related parties	111,353	42,297	153,650

The effect of restated on consolidated statement of profit or loss is increase in the previous year accumulated losses with amount of KD 555,403 as of December 31, 2017.

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16- 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, 2018		The Nine months ended September 30, 2017	
Region	**Revenues**	**Non-current assets**	Revenues	Non-current assets
State of Kuwait	**7,107,755**	**30,025,260**	3,601,643	30,112,639
Outside Kuwait				
Kingdom of Saudi Arabia	**54,666,880**	**14,100,676**	19,070,523	14,084,897
UAE.	**1,268,510**	**15,428**	2,895,671	24,018
Bahrain	**-**	**150,000**	-	5,929,587
	63,043,145	**44,291,364**	25,567,837	50,151,141

17- 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, 2018**	December 31, 2017 (audited) (Restated)	September 30, 2017
Investment in joint venture	**9,657**	9,671	14,274
Investment at fair value through other comprehensive income	**11,359,478**	-	-
Available for sale investments	**-**	11,359,478	17,139,065
Loan to a related party	**18,686,527**	18,686,527	18,686,527
Accounts receivable and other debit balances	**6,610,856**	6,554,084	6,559,342
Due from related parties	**1,529,420**	1,111,947	1,145,440
Finance, joint ventures and mudaraba	**911,209**	911,209	911,209
Investments at fair value through statement of profit or loss	**42**	42	42
Cash and cash equivalents	**425,666**	426,160	495,068
	39,532,855	39,059,118	44,950,967

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Financial liabilities	September 30, 2018	December 31, 2017 (audited) (Restated)	September 30, 2017
Accounts payable and other credit balances	5,585,852	5,440,466	5,173,239
Due to related parties	62,246	153,650	113,909
	5,648,098	5,594,116	5,287,148

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, 2018:	**Level 3**
Investment at fair value through statement of other comprehensive income	
Unquoted securities	**11,359,478**
December 31, 2017: (audited) (Restated)	Level 3
Available for sale investments	
Unquoted securities	11,359,478
September 30, 2017:	Level 3
Available for sale investments	
Unquoted securities	17,139,065

18- 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, 2018. 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.