

**Bahrain Telecommunications
Company BSC**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

30 September 2020

Bahrain Telecommunications Company BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2020**

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**FINANCIAL HIGHLIGHTS (presented for information purposes only)
for the nine months ended 30 September 2020**

Nine months ended 30 September	Unit	2020	2019	Variation %
Gross revenue	BD million	285.7	298.5	(4.3%)
Expenses	BD million	218.1	243.0	10.3%
Profit attributable to Batelco shareholders	BD million	50.3	44.2	13.8%
Return on net worth (Annualized)	%	14.0	11.0*	27.3%
Weighted average number of shares outstanding during the period	million	1,657	1,657	0%
Basic and diluted earnings per share for the period	Fils	30.3	26.7	13.9%

*Based on actual profit for the year ended 31 December 2019.

Independent auditors' report on review of the condensed consolidated interim financial statements

The Board of Directors
Bahrain Telecommunications Company BSC
Manama, Kingdom of Bahrain

28 October 2020

Introduction

We have reviewed the accompanying 30 September 2020 condensed consolidated interim financial statements of Bahrain Telecommunications Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprise:

- the condensed consolidated statement of financial position as at 30 September 2020;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2020;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2020;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2020; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 Auditor of the Entity". A review of interim financial statements 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2020 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2020

BD'000

	Note	30 September 2020 (reviewed)	31 December 2019 (audited)
ASSETS			
Non-current assets			
Property and equipment		274,190	277,143
Right-of-use assets		50,359	45,391
Goodwill		136,366	136,208
Other intangible assets		140,115	151,417
Equity accounted investees		-	13
Deferred tax assets		10,793	10,058
Post-employment benefit assets	12	179	5,183
Other investments		19,902	19,756
Other non-current assets		556	-
Total non-current assets		632,460	645,169
Current assets			
Inventories		7,967	8,221
Trade and other receivables		147,683	136,901
Other investments		696	27,075
Cash and bank balances	3	181,974	175,508
Total current assets		338,320	347,705
Total assets		970,780	992,874
LIABILITIES			
Non-current liabilities			
Trade and other payables		19,478	18,502
Lease liabilities		44,162	37,642
Loans and borrowings	4	204,152	38,854
Deferred tax liabilities		9,341	10,512
Total non-current liabilities		277,133	105,510
Current liabilities			
Trade and other payables		159,674	168,587
Lease liabilities		6,604	6,562
Loans and borrowings	4	25,156	198,840
Total current liabilities		191,434	373,989
Total liabilities		468,567	479,499
Net assets		502,213	513,375
EQUITY			
Share capital		166,320	166,320
Statutory reserve		83,285	83,160
General reserve		44,000	44,000
Foreign currency translation reserve		(17,174)	(14,490)
Investment fair value reserve		(28,902)	(28,684)
Post-employment benefit actuarial reserve	12	-	(4,177)
Treasury shares		(876)	(2,059)
Retained earnings		217,955	229,040
Total equity attributable to equity holders of the Company		464,608	473,110
Non-controlling interest		37,605	40,265
Total equity		502,213	513,375

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 28 October 2020 and signed on its behalf by

Abdulla bin Khalifa Al Khalifa
Chairman

Raed Abdulla Fakhri
Deputy Chairman

Mikkel Vinter
Chief Executive Officer

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2020

BD'000

	Note	Nine months ended 30 September		Three months ended 30 September	
		2020 (reviewed)	2019 (reviewed)	2020 (reviewed)	2019 (reviewed)
REVENUE	5	285,669	298,538	95,873	96,870
EXPENSES					
Network operating expenses		(98,082)	(110,312)	(33,688)	(34,993)
Staff costs		(36,106)	(41,717)	(13,306)	(12,818)
Voluntary employee retirement program cost		-	(10,083)	-	(8,117)
Depreciation, amortisation and tangible assets impairment		(52,472)	(50,356)	(18,081)	(16,937)
Impairment loss on trade receivables and contract assets		(3,642)	(3,636)	(810)	(1,230)
Other operating expenses		(27,771)	(26,853)	(9,830)	(8,131)
Total expenses		(218,073)	(242,957)	(75,715)	(82,226)
Results from operating activities		67,596	55,581	20,158	14,644
Finance income		4,275	5,775	1,063	1,973
Finance expenses		(11,733)	(11,734)	(3,159)	(4,068)
Other income/ (expense) (net)		401	325	(145)	120
Gain on sale of investment in subsidiary		-	28,421	-	1,184
Impairment of investment in associate		-	(20,305)	-	-
Share of loss from associate (net)		(550)	(2,479)	(152)	-
Profit before taxation		59,989	55,584	17,765	13,853
Income tax expense		(3,915)	(4,149)	(1,669)	(1,397)
Profit for the period		56,074	51,435	16,096	12,456
Total other comprehensive income:					
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences – foreign operations		(2,680)	(2,596)	3,330	(2,255)
Investment fair value changes (debt securities)		(218)	876	43	119
		(2,898)	(1,720)	3,373	(2,136)
Items that will never be reclassified to profit or loss:					
Remeasurement of defined benefit asset including related tax	12	(4,414)	-	-	-
		(4,414)	-	-	-
Other comprehensive income, net of tax		(7,312)	(1,720)	3,373	(2,136)
Total comprehensive income for the period		48,762	49,715	19,469	10,320
Profit for the period attributable to:					
Equity holders of the Company		50,278	44,232	14,410	10,234
Non-controlling interest		5,796	7,203	1,686	2,222
		56,074	51,435	16,096	12,456
Total comprehensive income for the period attributable to:					
Equity holders of the Company		42,962	42,509	17,780	8,098
Non-controlling interest		5,800	7,206	1,689	2,222
		48,762	49,715	19,469	10,320
Basic and diluted earnings per share (Fils)	6	30.3	26.7	8.7	6.2

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 28 October 2020 and signed on its behalf by:

Abdulla bin Khalifa Al Khalifa
Chairman

Raed Abdulla Fakhri
Deputy Chairman

Mikkel Vinter
Chief Executive Officer

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2020

BD'000

	Note	Nine months ended	
		30 September	
		2020 (reviewed)	2019 (reviewed)
OPERATING ACTIVITIES			
Profit for the period		56,074	51,435
Adjustment for:			
Non-operating items, including tax		11,522	4,146
Depreciation and amortisation and tangible assets impairment		52,472	50,356
Impairment loss on trade receivables and contract assets		3,642	3,636
		123,710	109,573
Working capital changes:			
Increase in trade and other receivables		(16,500)	(12,543)
Decrease / (increase) in inventories		236	(712)
Increase in trade and other payables		2,599	9,641
Cash generated from operating activities		110,045	105,959
Taxes paid		(4,945)	(6,453)
Payment to charities		(4,218)	(611)
Net cash from operating activities		100,882	98,895
INVESTING ACTIVITIES			
Acquisition of property, equipment and intangibles		(45,470)	(58,131)
Proceed from disposal of investment in subsidiary		-	17,687
Net cash from sale/ (purchase) of other investments		1,757	(35,356)
Interest and investment income received		6,897	5,562
Net cash used in investing activities		(36,816)	(70,238)
FINANCING ACTIVITIES			
Dividend paid		(56,487)	(54,943)
Payment of lease liabilities		(6,328)	(7,246)
Interest paid		(10,789)	(6,968)
Borrowings (net)		(8,705)	223
Sale/ (purchase) of treasury shares		1,183	(2,112)
Net cash used in financing activities		(81,126)	(71,046)
Decrease in cash and cash equivalents during the period		(17,060)	(42,389)
Cash and cash equivalents at 1 January		86,410	96,357
Cash and cash equivalents at 30 September	3	69,350	53,968

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2020

BD'000

2020	Equity attributable to equity holders of the Company									Non - controlling interest	Total equity
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investment fair value reserve	Post- employment benefit actuarial reserve	Treasury shares	Retained earnings	Total		
At 1 January 2020	166,320	83,160	44,000	(14,490)	(28,684)	(4,177)	(2,059)	229,040	473,110	40,265	513,375
Profit for the period	-	-	-	-	-	-	-	50,278	50,278	5,796	56,074
Other comprehensive income											
Foreign currency translation differences	-	-	-	(2,684)	-	-	-	-	(2,684)	4	(2,680)
Investment fair value changes	-	-	-	-	(218)	-	-	-	(218)	-	(218)
Remeasurement of defined benefit asset including related tax	-	-	-	-	-	4,177	-	(8,591)	(4,414)	-	(4,414)
Total other comprehensive income	-	-	-	(2,684)	(218)	4,177	-	(8,591)	(7,316)	4	(7,312)
Total comprehensive income for the period	-	-	-	(2,684)	(218)	4,177	-	41,687	42,962	5,800	48,762
Contributions and distributions											
Final dividends declared for 2019	-	-	-	-	-	-	-	(28,994)	(28,994)	-	(28,994)
Interim dividend declared for 2020	-	-	-	-	-	-	-	(22,362)	(22,362)	-	(22,362)
Donations approved for 2019	-	-	-	-	-	-	-	(1,291)	(1,291)	-	(1,291)
Treasury shares acquired	-	-	-	-	-	-	1,183	-	1,183	-	1,183
Transfer to statutory reserve	-	125	-	-	-	-	-	(125)	-	-	-
Non-controlling interest recognised on acquisition	-	-	-	-	-	-	-	-	-	397	397
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(8,857)	(8,857)
Total contributions and distributions	-	125	-	-	-	-	1,183	(52,772)	(51,464)	(8,460)	(59,924)
At 30 September 2020	166,320	83,285	44,000	(17,174)	(28,902)	-	(876)	217,955	464,608	37,605	502,213

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2020

BD'000

2019	Equity attributable to equity holders of the Company									Non - controlling interest	Total equity	
	Reserves							Treasury shares	Retained earnings			Total
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investment fair value reserve	Post- employem t benefit actuarial reserve						
At 1 January 2019	166,320	83,160	44,000	(18,254)	(29,838)	(4,328)	-	224,188	465,248	39,632	504,880	
Profit for the period	-	-	-	-	-	-	-	44,232	44,232	7,203	51,435	
Other comprehensive income												
Foreign currency translation differences	-	-	-	(2,598)	-	-	-	(1)	(2,599)	3	(2,596)	
Investment fair value changes	-	-	-	-	876	-	-	-	876	-	876	
Total other comprehensive income	-	-	-	(2,598)	876	-	-	(1)	(1,723)	3	(1,720)	
Total comprehensive income for the period	-	-	-	(2,598)	876	-	-	44,231	42,509	7,206	49,715	
Contributions and distributions												
Final dividends declared for 2018	-	-	-	-	-	-	-	(28,983)	(28,983)	-	(28,983)	
Interim dividend declared for 2019	-	-	-	-	-	-	-	(16,554)	(16,554)	-	(16,554)	
Donations approved for 2018	-	-	-	-	-	-	-	(1,253)	(1,253)	-	(1,253)	
Treasury shares acquired	-	-	-	-	-	-	(2,112)	-	(2,112)	-	(2,112)	
Transfer to statutory reserve	-	336	-	-	-	-	-	(336)	-	-	-	
Derecognition of a subsidiary on loss of control	-	(566)	-	370	-	-	-	566	370	(360)	10	
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(9,410)	(9,410)	
Total contributions and distributions	-	(230)	-	370	-	-	(2,112)	(46,560)	(48,532)	(9,770)	(58,302)	
At 30 September 2019	166,320	82,930	44,000	(20,482)	(28,962)	(4,328)	(2,112)	221,859	459,225	37,068	496,293	

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2020**

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1 REPORTING ENTITY

Bahrain Telecommunication Company BSC (the "Company") is a Bahraini incorporated company listed on the Bahrain Bourse. The condensed consolidated interim financial statements as at and for the nine months period ended 30 September 2020 comprise the condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") and the Group's interests in an associate entity. The Group is principally engaged in the provision of public telecommunications and associated products and services.

2 BASIS OF PREPARATION**a) Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - 'Interim Financial Reporting'. These do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2019.

b) Significant accounting policies

The accounting policies and risk management framework applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the last audited consolidated financial statements as at and for the year ended 31 December 2019, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning on or after 1 January 2020. The impact of adoption of these new standards / amendments did not have a significant impact on the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements are reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2019 and comparatives for the condensed consolidated statements of comprehensive income, cash flows and changes in equity have been extracted from the reviewed condensed consolidated interim financial statements for the nine months period ended 30 September 2019.

c) Seasonality

Due to the effect of seasonal variations, the results reported in the condensed consolidated interim financial statements may not represent a proportionate share of the overall annual result.

d) Judgements and estimates

In preparing these condensed consolidated interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2019 except for the effects of those identified in Note 13.

3 CASH AND BANK BALANCES

Cash and bank balances include BD 112,624 (Dec 2019: BD 89,098) on account of short-term deposits with maturities exceeding three months and unclaimed dividends. These have been excluded from cash and cash equivalent in the condensed consolidated statement of cash flows.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2020**

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4 LOANS AND BORROWINGS

- (i) Long term loan facility with a total available amount of BD 58.5 million (of which BD 26.8 million outstanding as of 30 September 2020) which has been utilised by a Group company to fund the entity's working capital and license fees. The facility bears an interest rate of PLR – 3.35% per annum and is due to be settled by 2023. As at 30 September 2020, BD 9.8 million of the outstanding amount was classified under current liabilities being due within the next 12 months;
- (ii) Long term loan facility with a total available amount of BD 8.0 million (of which BD 7.6 million outstanding as of 30 September 2020) was obtained by a Group company to fund the entity's infrastructure and network requirements. The facility bears an interest rate of PLR – 2.2% per annum and is due to be settled by 2025. As at 30 September 2020, BD 1.6 million of the outstanding amount was classified under current liabilities being due within the next 12 months;
- (iii) The overdraft facilities were obtained by a Group company to support its working capital needs. The interest rates on these facilities range from 5.00% to 5.35% p.a. and the amount drawn at the balance sheet date amounted to BD 11.5 million (2019: BD 10.1 million). The undrawn overdraft limits as at 30 September 2020 amounted to BD 3.6 million (2019: BD 5 million);
- (iv) Long term loan facility with a total available amount of BD 12.8 million (of which BD 12.7 million outstanding as of 30 September 2020) was obtained by a Group company to fund the entity's license fees. The facility bears an interest rate of PLR – 2.125% per annum and is due to be settled by 2024. As at 30 September 2020, BD 2.1 million of the outstanding amount was classified under current liabilities being due within the next 12 months;
- (v) Long term loan facility with a total available amount of BD 169.7 million (of which BD 169.7 is outstanding as of 30 September 2020) was obtained by the Company to fund its bond repayment in May 2020. The facility bears an interest rate of Libor + 1.80% per annum and is due to be settled by one bullet payment in 2025; and
- (vi) Long term loan facility with a total available amount of BD 8.0 million (of which BD 1.1 million outstanding as of 30 September 2020) was obtained by a Group company to fund the entity's share in a joint venture. The facility bears an interest rate of PLR – 1.75% per annum and is due to be settled by 2024. As at 30 September 2020, BD 0.2 million of the outstanding amount was classified under current liabilities being due within the next 12 months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2020

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5 REVENUE**a) Disaggregation of revenue****Revenue by major products**

	Nine months ended 30 September		Three months ended 30 September	
	2020 (reviewed)	2019 (reviewed)	2020 (reviewed)	2019 (reviewed)
Mobile telecommunication services	136,385	145,707	45,332	48,343
Data communication circuits	52,744	56,899	16,975	16,699
Fixed broadband	50,674	46,270	17,824	15,099
Fixed line telecommunication services	16,584	17,781	5,476	5,628
Wholesale services	14,782	13,206	5,190	4,894
Others	14,500	18,675	5,076	6,207
	285,669	298,538	95,873	96,870

Revenue by timing of recognition

	Nine months ended 30 September		Three months ended 30 September	
	2020 (reviewed)	2019 (reviewed)	2020 (reviewed)	2019 (reviewed)
Products transferred at a point in time (Equipment revenue)	20,294	24,039	7,581	7,361
Products and services transferred over time (Revenue from provision of services)	265,375	274,499	88,292	89,509
	285,669	298,538	95,873	96,870

For a further break down of total revenue by the Group's key geographical segments, please refer to note 15.

b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30 September 2020 (reviewed)	31 December 2019 (audited)
Receivables and contract assets (<i>included in Trade and other receivables</i>)	89,977	82,566
Contract liabilities (<i>included in Trade and other payables</i>)	2,380	3,954

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time as the related performance obligations are fulfilled within 1 year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2020

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6 EARNINGS PER SHARE

	Nine months ended 30 September		Three months ended 30 September	
	2020 (reviewed)	2019 (reviewed)	2020 (reviewed)	2019 (reviewed)
Profit for the period attributable to equity holders of the Company	50,278	44,232	14,410	10,234
Weighted average number of shares outstanding during the period (million)	1,657	1,657	1,657	1,657
Basic earnings per share (Fils)	30.3	26.7	8.7	6.2

7 SIGNIFICANT COMMITMENTS AND CONTINGENCIES**a) Commitments**

The Group has capital commitments at 30 September 2020 amounting to BD 30 million (Dec 2019: BD 17.7 million).

b) Contingent liabilities

The Group is involved in certain matters relating to notifications from regulatory authorities and government tax departments of claims and other notices amounting to Nil (Dec 2019: Nil). The Group is of the view that there are no legitimate grounds for such claims and notices, and all necessary legal steps to respond to and defend its position are being taken.

c) Guarantees

- (i) As at 30 September 2020, the Group's banks have issued guarantees, amounting to BD 12.7 million (Dec 2019: BD 15 million) and letters of credit amounting to BD 6.1 million (Dec 2019: BD 10 million).
- (ii) The Company has furnished guarantees amounting to BD 1.2 million (Dec 2019: BD 1.5 million) to a bank for extending credit facilities to an investee company in the Kingdom of Saudi Arabia.
- (iii) The Group has furnished a comfort letter for BD 1.9 million (Dec 2019: BD 1.9 million) to Telecommunications Regulatory Commission, Jordan for providing a financial guarantee for the subsidiary companies operating in Jordan.

8 FAIR VALUE

The Group's financial assets and financial liabilities are measured at amortised cost except for certain FVTOCI investments, which are carried at fair value. Fair values is the price that would be received to sell our asset or paid to transfer a liability in an ordinary transaction between market participants and the measurement date.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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8. FAIR VALUE (continued)

- (i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured as at 30 September 2020, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
30 September 2020					
Financial assets at fair value through profit and loss (FVTPL)					
Other investments – debt and equity securities	-	-	707	707	707
Financial assets at fair value through OCI (FVOCI)					
Other investments – debt and equity securities	10,946	-	1,948	12,894	12,894

	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
31 December 2019					
Financial assets at fair value through profit and loss (FVTPL)					
Other investments – equity securities	-	-	88	88	88
Financial assets at fair value through OCI (FVOCI)					
Other investments – debt and equity securities	38,282	-	1,464	39,746	39,746

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2020

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8. *FAIR VALUE (continued)*

There were no transfers between any of the categories during the period. The Bonds have been fair valued using its quoted prices. Other loans and borrowings are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The Group has not disclosed the fair value for financial instruments such as short-term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.

9 RELATED PARTIES

a) Transactions with related parties

The Company qualifies as a government related entity under the definitions provided in the Revised IAS 24. The Group provides telecommunication services to various Government and semi government organisation and companies in the Kingdom of Bahrain. The Group also avails various services from Government and semi government organisation and companies in the Kingdom of Bahrain. Such transactions are in the normal course of business and are not considered to be individually significant in terms of size.

b) Transactions with key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. During the period, the Group paid the following compensation to the key management personnel.

	Nine months ended 30 September	
	2020 (reviewed)	2019 (reviewed)
Short-term employee benefits	1,190	1,604
Post-employment benefits	6	452
Total key management personnel compensation	1,196	2,056
Directors remuneration (including sitting fees)	437	448

10 APPROPRIATIONS

The shareholders of the Company in their meeting held on 25 March 2020 approved a cash dividend of BD 45.7 million and donations of BD 1.3 million in respect of 2019.

In addition, the Board of Directors in its meeting dated 27 July 2020 approved an interim dividend of BD 22.4 million (13.5 fils per share).

11 ACQUISITION OF SUBSIDIARY

On 1st March 2020, the Group (through its Jordanian subsidiary Umniah) increased its nominal stake in Al-Huloul Al-Malyeh Leldafea Belhatef Anaqal ("Alhuloul"), a digital services company registered in Jordan, from 11.67% to 66% (effective stake increased from 11.2% to 63.36%, considering the Group has a 96% stake in Umniah), granting it control of Alhuloul.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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11. ACQUISITION OF SUBSIDIARY (continued)

a) Identifiable assets acquired and liabilities assumed

Property, plant and equipment	61
Trade and other receivables	665
Cash and cash equivalents	922
Trade and other payables	(480)
Net Assets acquired	1,168

The above reported amounts represent the carrying values as reported by the acquired entity as at 1st March 2020 and have been reported on a provisional basis as permitted by IFRS 3 Business Combinations. The results of acquired company have also been included in Group's consolidated financial statements from the date of acquisition on a provisional basis.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. Revisions to provisional acquisition accounting are required to be done on a retrospective basis.

b) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

Consideration transferred	1,063
NCI, based on Group's proportionate interest in the recognised amounts of the assets and liabilities of Alhuloul	397
Fair value of pre-existing interest in Alhuloul *	77
Fair value of identifiable net assets	(1,168)
Goodwill	369

* During 2019, the Group had already remeasured the value of its existing interest in Alhuloul to 77 thousand, which value approximated the fair value at the acquisition date of 1st March 2020.

12 Defined benefit scheme

At 30 Sep 2020, the Group operates a defined benefit pension plan (the Scheme) in Sure (Guernsey) Ltd for the employees of that entity. Under the Scheme, the retirement benefits are based on the employee's pensionable pay and length of service. The assets of the Scheme are held in a separate trustee administered fund. The Scheme was closed to new entrants from 1 April 2005 and was closed to future accrual by current members on 31 July 2014.

During the period, Sure Guernsey entered into a contract with a UK insurance provider to provide a Buy In for the pension scheme. As a first step towards that process, the entity transferred its pension assets to the insurance provider in June 2020, with the intention of concluding the process by Q4 2020. This gave rise to the de-recognition actuarial reserve and related pension asset resulting in a net reduction of BD 8,591 in retained earnings and BD 4,414 in Equity.

13 Significant Event - COVID-19

During 2020, an outbreak of the novel Coronavirus (COVID-19) has rapidly evolved across the region and globally. As a result, governments and authorities, including the Government of the Kingdom of Bahrain, have implemented several measures to contain the spread of the virus such as suspension of flights from/to various countries, other travel restrictions and quarantines and have also announced various support measures to counter adverse economic implications. These measures and policies have caused significant disruption in the operation of many companies around the globe. COVID-19 has also brought about significant uncertainties in the global economic environment. The Group operates in a sector which has not been heavily affected by the virus.

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for the nine months ended 30 September 2020**BD'000

13. Significant Event - COVID-19 (continued)

The Board of Directors has considered the potential impacts of the current economic downturn and uncertainty involved in the determination of the reported amounts of the Group's financial and non-financial assets and liabilities in these financial statements, and they are considered to represent management's best assessment based on available and observable information. Based on this assessment, no material impact on the Group's financial statements has been noted to date.

The Government of the Kingdom of Bahrain has granted a total subsidy to the Company of BD 3.4 million comprising BD 3.2 million towards staff costs and BD 0.2 million towards utilities, to lessen the impact of effect of the virus. These amounts have been adjusted against the respective line items in the income statement for the period.

14 COMPARATIVES

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit, comprehensive income for the period or total equity. Comparatives in the comprehensive income include figures related to the Group's shareholding in QualityNet General Trading and Contracting Company WLL ("QualityNet"), which was sold to Kuwait Telecommunications Company ("VIVA") on 6th May 2019 resulting in the Group losing control over the Kuwait subsidiary from that date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2020

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15 SEGMENT INFORMATION*Operating segments*

The Group's operations are segregated between Bahrain, Jordan, Maldives, Sure Group and others. Others include Yemen and other group operations. Segment information disclosed for the nine months ended 30 September 2020 is as follows:

Segment revenue and profit	For the nine months ended September 2020 (reviewed)							For the nine months period ended 30 September 2019 (reviewed)						
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total
Revenue (external customers)	134,184	66,109	45,514	39,863	-	(1)	285,669	131,482	66,565	51,461	39,480	9,550	-	298,538
Inter-segment revenues	61	314	-	-	-	(375)	-	105	334	-	-	1,860	(2,299)	-
Gain on sale of investment in subsidiary	-	-	-	-	-	-	-	28,421	-	-	-	-	-	28,421
Profit/(loss)	38,351	1,454	12,103	4,208	(14)	(28)	56,074	52,854	1,645	14,765	4,443	(22,225)	(47)	51,435

Segment assets & liabilities	As at 30 September 2020 (reviewed)							As at 31 December 2019 (audited)						
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total
Non-current assets	189,021	268,015	99,933	88,047	6,997	(19,553)	632,460	178,050	266,481	101,129	94,317	12,073	(19,001)	633,049
Current assets	246,143	40,177	38,400	27,200	173	(13,773)	338,320	272,416	24,807	23,175	31,102	200	(20,280)	331,420
Total assets	435,164	308,192	138,333	115,247	7,170	(33,326)	970,780	450,466	291,288	124,304	125,419	12,273	(39,281)	964,469
Current liabilities	109,993	81,863	29,786	11,983	74	(42,265)	191,434	289,123	86,765	15,588	12,276	77	(35,587)	368,242
Non-current liabilities	179,830	91,711	12,228	14,893	-	(21,529)	277,133	10,217	71,872	12,719	15,254	-	(10,128)	99,934
Total liabilities	289,823	173,574	42,014	26,876	74	(63,794)	468,567	299,340	158,637	28,307	27,530	77	(45,715)	468,176