

**Bahrain Telecommunications
Company BSC**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

30 June 2020

Bahrain Telecommunications Company BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2020

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**FINANCIAL HIGHLIGHTS (presented for information purposes only)
for the six months ended 30 June 2020**

Six months ended 30 June		2020	2019	Variation %
Gross revenue	BD million	189.8	201.7	(6%)
Expenses	BD million	142.4	160.7	11.4%
Profit attributable to Batelco shareholders	BD million	35.9	34.0	5.5%
Return on net worth – Annualised	%	14.7	11.0*	33.4%
Weighted average number of shares outstanding during the period	million	1,656	1,658	(0.1%)
Basic earnings per share for the period	Fils	21.7	20.5	5.5%

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

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

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

Introduction

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

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

The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim 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 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 June 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

BD'000

	Note	30 June 2020 (reviewed)	31 December 2019 (audited)
ASSETS			
Non-current assets			
Property and equipment		275,273	277,143
Right-of-use assets		51,507	45,391
Goodwill		135,416	136,208
Other intangible assets		142,351	151,417
Equity Accounted investees		-	13
Deferred tax assets		10,667	10,058
Post-employment benefit assets	12	172	5,183
Other investments		19,581	19,756
Other non-current assets		556	-
Total non-current assets		635,523	645,169
Current assets			
Inventories		9,229	8,221
Trade and other receivables		147,574	136,901
Other investments		9,944	27,075
Cash and bank balances	3	176,757	175,508
Total current assets		343,504	347,705
Total assets		979,027	992,874
LIABILITIES			
Non-current liabilities			
Trade and other payables		19,140	18,502
Lease liabilities		44,557	37,642
Loans and borrowings	4	208,084	38,854
Deferred tax liabilities		9,543	10,512
Total non-current liabilities		281,324	105,510
Current liabilities			
Trade and other payables		160,936	168,587
Lease liabilities		6,475	6,562
Loans and borrowings	4	24,977	198,840
Total current liabilities		192,388	373,989
Total liabilities		473,712	479,499
Net assets		505,315	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		(20,501)	(14,490)
Investment fair value reserve		(28,945)	(28,684)
Post-employment benefit actuarial reserve	12	-	(4,177)
Treasury Shares		(2,514)	(2,059)
Retained earnings		225,907	229,040
Total equity attributable to equity holders of the Company		467,552	473,110
Non-controlling interest			
Total non-controlling interest		37,763	40,265
Total equity		505,315	513,375

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 27 July 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 six months ended 30 June 2020

BD'000

	Note	Six months ended 30 June	
		2020 (reviewed)	2019 (reviewed)
REVENUE	5	189,796	201,668
EXPENSES			
Network operating expenses		(64,394)	(75,319)
Staff costs		(22,800)	(29,102)
Voluntary employee retirement program cost		-	(1,763)
Depreciation, amortisation and tangible assets impairment		(34,391)	(33,419)
Impairment loss on trade receivables and contract assets		(2,832)	(2,406)
Other operating expenses		(17,941)	(18,722)
Total expenses		(142,358)	(160,731)
Results from operating activities		47,438	40,937
Finance income		3,212	3,802
Finance expenses		(8,574)	(7,666)
Other income (net)		546	205
Gain on sale of investment in subsidiary		-	27,237
Impairment of investment in associate		-	(20,305)
Share of loss from associate (net)		(398)	(2,479)
Profit before taxation		42,224	41,731
Income tax expense		(2,246)	(2,752)
Profit for the period		39,978	38,979
Total other comprehensive income :			
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences – foreign operations		(6,010)	(341)
Investment fair value changes (debt securities)		(261)	757
		(6,271)	416
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		(10,685)	416
Total comprehensive income for the period		29,293	39,395
Profit for the period attributable to:			
Equity holders of the Company		35,868	33,998
Non-controlling interest		4,110	4,981
		39,978	38,979
Total comprehensive income for the period attributable to:			
Equity holders of the Company		25,182	34,411
Non-controlling interest		4,111	4,984
		29,293	39,395
Basic and diluted earnings per share (Fils)	6	21.7	20.5

The condensed consolidated interim financial statements were approved by the Board of Directors on 27 July 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 six months ended 30 June 2020

BD'000

	Note	Six months ended 30 June	
		2020 (reviewed)	2019 (reviewed)
OPERATING ACTIVITIES			
Profit for the period		39,978	38,979
Adjustment for:			
Non-operating items, including tax		7,460	1,958
Depreciation, amortisation and tangible assets impairment		34,391	33,419
Impairment loss on trade receivables and contract assets		2,832	2,406
		84,661	76,762
Working capital changes:			
Increase in trade and other receivables		(14,758)	(13,418)
Increase in inventories		(1,056)	(805)
Increase in trade and other payables		109	9,824
Cash generated from operating activities		68,956	72,363
Taxes paid		(3,484)	(4,723)
Payment to charities		(4,117)	(305)
Net cash from operating activities		61,355	67,335
INVESTING ACTIVITIES			
Acquisition of property, equipment and intangibles		(33,037)	(39,581)
Proceed from disposal of investment in subsidiary		-	17,687
Net cash from sale / (purchase) of other investments		36,815	(40,667)
Interest and investment income received		5,629	3,841
Net cash from / (used in) investing activities		9,407	(58,720)
FINANCING ACTIVITIES			
Dividend paid		(31,929)	(34,704)
Payment of lease liabilities		(4,596)	(5,135)
Interest paid		(7,877)	(5,795)
Borrowings (net)		(4,824)	3,244
Treasury shares acquired		(455)	(2,504)
Net cash used in financing activities		(49,681)	(44,894)
Increase / (decrease) in cash and cash equivalents during the period		21,081	(36,279)
Cash and cash equivalents at 1 January		86,410	96,357
Cash and cash equivalents at 30 June	3	107,491	60,078

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 six months ended 30 June 2020

BD'000

2020	Equity attributable to equity holders of the Company									Non - controlling interest	Total equity
	Reserves										
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investment fair value reserve	Post- employ ment 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	-	-	-	-	-	-	-	35,868	35,868	4,110	39,978
Other comprehensive income											
Foreign currency translation difference	-	-	-	(6,011)	-	-	-	-	(6,011)	1	(6,010)
Investment fair value changes	-	-	-	-	(261)	-	-	-	(261)	-	(261)
Remeasurement of defined benefit asset including related tax (note 12)	-	-	-	-	-	4,177	-	(8,591)	(4,414)	-	(4,414)
Total other comprehensive income	-	-	-	(6,011)	(261)	4,177	-	(8,591)	(10,686)	1	(10,685)
Total comprehensive income for the period	-	-	-	(6,011)	(261)	4,177	-	27,277	25,182	4,111	29,293
Contributions and distributions											
Final dividends declared for 2019	-	-	-	-	-	-	-	(28,994)	(28,994)	-	(28,994)
Donations approved for 2019	-	-	-	-	-	-	-	(1,291)	(1,291)	-	(1,291)
Treasury shares acquired	-	-	-	-	-	-	(455)	-	(455)	-	(455)
Transfer to Statutory Reserve	-	125	-	-	-	-	-	(125)	-	-	-
Non-controlling interest recognised on acquisition (note 11)	-	-	-	-	-	-	-	-	-	397	397
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(7,010)	(7,010)
Total contributions and distributions	-	125	-	-	-	-	(455)	(30,410)	(30,740)	(6,613)	(37,353)
At 30 June 2020	166,320	83,285	44,000	(20,501)	(28,945)	-	(2,514)	225,907	467,552	37,763	505,315

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 six months ended 30 June 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- employ ment 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	-	-	-	-	-	-	-	33,998	33,998	4,981	38,979	
Other comprehensive income												
Foreign currency translation differences	-	-	-	(344)	-	-	-	-	(344)	3	(341)	
Investment fair value changes	-	-	-	-	757	-	-	-	757	-	757	
Total other comprehensive income	-	-	-	(344)	757	-	-	-	413	3	416	
Total comprehensive income for the period	-	-	-	(344)	757	-	-	33,998	34,411	4,984	39,395	
Contributions and distributions												
Final dividends declared for 2018	-	-	-	-	-	-	-	(28,983)	(28,983)	-	(28,983)	
Donations approved for 2018	-	-	-	-	-	-	-	(1,253)	(1,253)	-	(1,253)	
Treasury shares acquired	-	-	-	-	-	-	(2,504)	-	(2,504)	-	(2,504)	
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	-	-	-	-	-	-	-	-	-	(5,717)	(5,717)	
Total contributions and distributions	-	(230)	-	370	-	-	(2,504)	(30,006)	(32,370)	(6,077)	(38,447)	
At 30 June 2019	166,320	82,930	44,000	(18,228)	(29,081)	(4,328)	(2,504)	228,180	467,289	38,539	505,828	

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 six months ended 30 June 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 six-month period ended 30 June 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 audited 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 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 six-months period ended 30 June 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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2020**

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3 CASH AND BANK BALANCES

Cash and bank balances include BD 69,266 (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.

4 LOANS AND BORROWINGS

- (i) Long term loan facility with a total available amount of BD 58.4 million (of which BD 29.2 million outstanding as of 30 June 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 June 2020, BD 9.7 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 8.0 million outstanding as of 30 June 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 June 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 12.5 million (2019: BD 10.1 million). The undrawn overdraft limits as at 30 June 2020 amounted to BD 2.6 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 June 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 June 2020, BD 1.1 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 June 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 June 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 June 2020, BD 0.1 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 six months ended 30 June 2020

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

	Six months ended 30 June	
	2020 (reviewed)	2019 (reviewed)
Mobile telecommunication services	91,053	97,364
Data communication circuits	35,769	40,200
Fixed broadband	32,850	31,171
Fixed line telecommunication services	11,108	12,153
Wholesale services	9,592	8,312
Others	9,424	12,468
	189,796	201,668

Revenue by timing of recognition

	Six months ended 30 June	
	2020 (reviewed)	2019 (reviewed)
Products transferred at a point in time (Equipment revenue)	12,713	16,678
Products and services transferred over time (Revenue from provision of services)	177,083	184,990
	189,796	201,668

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 June 2020 (reviewed)	31 December 2019 (audited)
Receivables and contract assets (<i>included in Trade and other receivables</i>)	90,378	82,566
Contract liabilities (<i>included in Trade and other payables</i>)	2,491	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 six months ended 30 June 2020

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6 EARNINGS PER SHARE

	Six months ended	
	30 June	
	2020 (reviewed)	2019 <i>(reviewed)</i>
Profit for the period attributable to equity holders of the Company	35,868	33,998
Weighted average number of shares outstanding during the period (million)	1,656	1,658
Basic earnings per share (Fils)	21.7	20.5

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

The Group has capital commitments at 30 June 2020 amounting to BD 24.7 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 BD 0.1 million (Dec 2019: Nil). The Group is of the view that there are no legitimate legal 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 June 2020, the Group's banks have issued guarantees, amounting to BD 12.3 million (Dec 2019: BD 15 million) and letters of credit amounting to BD 5.7 million (Dec 2019: BD 10 million).
- (ii) The Company has furnished guarantees amounting to BD 1.3 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2020

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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 value 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:

- (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 June 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 June 2020					
Financial assets at fair value through profit and loss (FVTPL)					
Other investments – debt and equity securities	-	-	9,955	9,955	9,955
Financial assets at fair value through OCI (FVOCI)					
Other investments – debt and equity securities	10,934	-	1,639	12,573	12,573
Financial liabilities not measured at fair value					
Loans and borrowings	-	-	233,061	233,061	233,061

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

31 December 2019	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
Financial assets at fair value through Profit and Loss (FVTPL)					
Other investments – equity securities	-	-	88	88	88
Financial assets at fair value through OCI					
Other investments – debt and equity securities	38,282	-	1,464	39,746	39,746
Financial liabilities not measured at fair value					
Loans and borrowings	178,749	-	59,517	238,266	237,694

There were no transfers between any of the categories during the period. The debt securities 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.

	Six months ended 30 June	
	2020 (reviewed)	2019 (reviewed)
Short-term employee benefits	790	1,173
Post-employment benefits	22	344
Total key management personnel compensation	812	1,517
Directors remuneration (including sitting fees)	298	301

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2020

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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 Board meeting dated 27 July 2020, an interim dividend of 13.5 fils per share has been approved by the directors. These financial statements do not reflect this interim dividend payable.

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.

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 Alhulool	397
Fair value of pre-existing interest in Alhulool *	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 Alhuool to 77 thousand, which value approximated the fair value at the acquisition date of 1st March 2020.

12 Defined benefit scheme

At 30 June 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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2020**

BD'000

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.

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 six months ended 30 June 2020

BD'000

15 SEGMENT INFORMATION*Operating segments*

The Group's operations are segregated between Bahrain, Jordan, Maldives, Sure Group and others. Others include Kuwait, Yemen and other group operations.

Segment information disclosed for the six months ended 30 June 2020 is as follows:

Segment revenue and profit	For the six months ended June 2020 (reviewed)						Total
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	
Revenue (external customers)	89,865	42,724	31,168	26,041	-	(2)	189,796
Inter-segment revenues	41	212	-	-	-	(253)	-
Profit/(loss)	28,745	192	8,624	2,452	(11)	(24)	39,978

Segment revenue and profit	For the six months ended June 2019 (reviewed)						Total
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	
Revenue (external customers)	87,658	43,275	34,705	26,505	9,525	-	201,668
Inter-segment revenues	81	184	-	-	1,862	(2,127)	-
Profit/(loss)	47,650	896	10,200	2,549	(22,283)	(33)	38,979

Segment assets & liabilities	As at 30 June 2020 (reviewed)						Total
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	
Non-current assets	190,188	270,902	99,688	86,329	6,997	(18,581)	635,523
Current assets	255,916	35,444	39,376	30,970	178	(18,380)	343,504
Total assets	446,104	306,346	139,064	117,299	7,175	(36,961)	979,027
Current liabilities	110,828	77,138	30,168	11,839	73	(37,658)	192,388
Non-current liabilities	178,860	96,027	12,209	14,766	-	(20,538)	281,324
Total liabilities	289,688	173,165	42,377	26,605	73	(58,196)	473,712

Segment assets & liabilities	As at 31 December 2019 (Audited)						Total
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	
Non-current assets	185,961	267,661	103,121	99,543	6,997	(18,114)	645,169
Current assets	276,987	25,692	30,182	35,288	192	(20,637)	347,704
Total assets	462,948	293,353	133,303	134,831	7,189	(38,751)	992,873
Current liabilities	295,507	84,154	18,307	13,352	73	(37,404)	373,989
Non-current liabilities	8,741	76,772	12,329	16,905	-	(9,237)	105,510
Total liabilities	304,248	160,926	30,636	30,257	73	(46,641)	479,499

Bahrain Telecommunications Company BSC

Supplementary Information – Not reviewed

SUPPLEMENTARY DISCLOSURES RELATED TO THE IMPACT OF COVID-19 *(not reviewed)*

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. This includes disruption to capital markets, deteriorating credit markets and liquidity concerns. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures. The Group is actively monitoring the COVID-19 situation, and in response to this outbreak, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance. Based on above, the management is of the view that the Company will continue as a going concern entity for the next 12 months from the date of these condensed interim financial statements.

The pandemic has had some financial impact to the Group with relation to specific revenue streams and expense items. Key impact on the results of the Group are as follows:

- reduction in sale of mobile handsets by BD 2.4M year on year;
- reduction in roaming revenue by BD 4.4M year on year; and
- subsidy by Government of the Kingdom of Bahrain amounting BD 3.2M towards staff costs and BD 0.2M towards utilities, which amounts have been adjusted against the respective line items in the income statement for the period.

The above supplementary information is provided to comply with the CBB circular number OG/259/2020 (Reporting of Financial Impact of COVID-19), dated 14 July 2020. This information should not be considered as an indication of the results of the entire year or relied upon for any other purposes. Since the situation of COVID-19 is uncertain and is still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be out-of-date. In addition, this information does not represent a full comprehensive assessment of COVID-19 impact on the Group. This information has not been subject to a formal review by external auditors.