

AAN Digital Services Holding Company

(Previously: Hits Telecom Holding Co.)

K.S.C. Public
and its subsidiaries
Kuwait

Interim condensed consolidated
financial information
for the nine month period ended September 30, 2017
(Unaudited)

AAN Digital Services Holding Company

(Previously: Hits Telecom Holding Co.)

K.S.C. Public
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Interim condensed consolidated
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for the nine month period ended September 30, 2017
(Unaudited)

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**The Board of Directors
AAN Digital Services Holding Company
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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 position of AAN Digital Services Holding Company (Previously: Hits Telecom Holding Co.) K.S.C. Public - "The Parent" and its subsidiaries together referred to as "The Group" as of September 30, 2017 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of "the parent company" is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The basis of qualified conclusion

By the maturity date of the loan mentioned on Note (6) "the Group" did not collect it and did not keep sufficient provision for doubtful debts to cover the non-collection of that loan in the future.

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 of the Companies Law no. 1 of year 2016 and related Executive Regulations or the "Parent Company" memorandum and articles of association, as it's amendments, have occurred during the nine month period ended September 30, 2017 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 2, 2017
State of Kuwait

AAN Digital Services Holding Company
 (Previously: Hits Telecom Holding Co.)
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Interim condensed consolidated statement of financial position as of September 30, 2017
 (Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Assets				
Non-current assets				
Property and equipment		126,881	253,323	156,908
Intangible assets	4	14,184,394	14,329,297	14,195,358
Investment in joint venture		14,274	268,552	789,847
Investment in an unconsolidated subsidiary		–	–	410,624
Available for sale investments	5	17,139,065	17,139,065	22,169,508
Loan to a related party	6	18,686,527	18,686,527	18,686,527
		<u>50,151,141</u>	<u>50,676,764</u>	<u>56,408,772</u>
Current assets				
Inventory		2,665,414	6,142,832	4,880,470
Accounts receivable and other debit balances	7	6,559,342	6,113,439	6,283,363
Due from related parties	8	1,145,440	1,046,462	2,062,924
Finance, joint ventures and mudaraba		911,209	911,209	911,209
Investments at fair value – statement of profit or loss		42	42	201,649
Cash and cash equivalents		495,068	673,368	687,182
		<u>11,776,515</u>	<u>14,887,352</u>	<u>15,026,797</u>
Total assets		<u>61,927,656</u>	<u>65,564,116</u>	<u>71,435,569</u>
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		1,463,337	1,709,743	1,463,673
Accumulated losses		(36,119,719)	(34,568,578)	(28,603,099)
Total equity		<u>56,138,460</u>	<u>57,936,007</u>	<u>63,655,416</u>
Non-current liabilities				
Accounts payable and other credit balances	9	–	–	86,996
Provision for end of service indemnity		502,048	626,446	604,168
		<u>502,048</u>	<u>626,446</u>	<u>691,164</u>
Current liabilities				
Due to bank		–	–	302,173
Accounts payable and other credit balances	9	5,173,239	6,867,791	6,110,280
Due to related parties	8	113,909	133,872	676,536
		<u>5,287,148</u>	<u>7,001,663</u>	<u>7,088,989</u>
Total equity and liabilities		<u>61,927,656</u>	<u>65,564,116</u>	<u>71,435,569</u>

Abdul Mohsen Shahrayan
 Vice Chairman

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

AAN Digital Services Holding Company

(Previously: Hits Telecom Holding Co.)

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Interim condensed consolidated statement of profit or loss for the nine months ended September 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The Three months ended		The Nine months ended	
		September 30		September 30	
		2017	2016	2017	2016
Revenue	10	8,503,075	23,869,976	25,567,837	71,175,540
Cost of sales		(7,471,792)	(22,860,456)	(22,678,574)	(65,444,460)
Gross profit		1,031,283	1,009,520	2,889,263	5,731,080
Realized gain from sale investment at fair value – statement of profit or loss		-	2,739	-	2,739
Unrealized gain from investment at fair value – statement of profit or loss		-	14,601	-	21,227
General and administrative expenses		(1,462,562)	(1,446,451)	(4,283,945)	(4,956,451)
Depreciation and amortization		(36,982)	(52,072)	(111,638)	(147,881)
Finance charges		(7,921)	(14,041)	(31,739)	(43,085)
Loss from investment in joint venture		(8,639)	-	(8,639)	-
Other (expenses)/ income		(4,443)	1,361	(4,443)	3,135
(Loss)/profit for the period before calculating contribution to Kuwait Foundation for the Advancement of Science, National Labor Support Tax and Zakat		(489,264)	(484,343)	(1,551,141)	610,764
Zakat		-	-	-	(6,495)
National Labor Support Tax		-	-	-	(16,238)
Net (loss)/profit for the period		(489,264)	(484,343)	(1,551,141)	588,031
(Loss)/earnings per share (Fils)	11	(0.56)	(0.56)	(1.79)	0.68

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

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Interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended September 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The Three months ended September 30		The Nine months ended September 30	
	2017	2016	2017	2016
Net (loss)/profit for the period	(489,264)	(484,343)	(1,551,141)	588,031
Other comprehensive (loss)/income for the period:				
Foreign currency translation differences	(57,287)	154,084	(246,406)	(185,416)
Other comprehensive loss for the period	(57,287)	154,084	(246,406)	(185,416)
Total comprehensive (loss)/income for the period	(546,551)	(330,259)	(1,797,547)	402,615

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

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Interim condensed consolidated statement of cash flows for the nine months ended September 30, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The Nine months ended September 30	
	2017	2016
Cash flows from operating activities		
Net (loss)/profit for the period	(1,551,141)	588,031
Adjustments:		
Depreciation and amortization	111,638	147,881
Loss from investment in joint venture	8,639	-
Loss from disposal of property and equipment	4,443	-
Realized gain from investment at fair value – statement of profit or loss	-	(2,739)
Unrealized gain from investment at fair value – statement of profit or loss	-	(21,227)
Provision for end of service indemnity	165,944	25,810
Finance charges	31,739	43,085
Adjusted (loss)/profit before calculating the effect of changes in working capital items	(1,228,738)	780,841
Inventory	3,477,418	333,388
Accounts receivable and other debit balances	(445,903)	665,757
Related parties	126,698	1,617,256
Accounts payable and other credit balances	(1,694,552)	(4,607,688)
Cash generated from/(used in) operations	234,923	(1,210,446)
End of service indemnity paid	(265,491)	-
Net cash used in operating activities	(30,568)	(1,210,446)
Cash flows from investing activities		
Investment at fair value – statement of profit or loss	-	(177,683)
Property and equipment	(43,217)	-
Proceeds from sale of property and equipment	26,969	-
Intangible assets	(3,476)	-
Net cash used in investing activities	(19,724)	(177,683)
Cash flows from financing activities		
Due to bank	-	302,173
Finance charges paid	(31,739)	(43,085)
Net cash (used in)/generated from financing activities	(31,739)	259,088
Foreign currency translation reserve	(96,269)	(152,226)
Net decrease in cash and cash equivalents	(178,300)	(1,281,267)
Cash and cash equivalents at the beginning of the period	673,368	1,968,449
Cash and cash equivalents at the end of the period	495,068	687,182

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Interim condensed consolidated statement of changes in equity for the nine months ended September 30, 2017
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	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, 2016	87,234,161	6,846,580	(640,233)	260,411	(2,906,077)	1,649,089	(29,191,130)	63,252,801
Net profit for the period	--	--	--	--	--	--	588,031	588,031
Other comprehensive loss for the period	--	--	--	--	--	(185,416)	--	(185,416)
Total comprehensive income for the period	--	--	--	--	--	(185,416)	588,031	402,615
Balance as of September 30, 2016	<u>87,234,161</u>	<u>6,846,580</u>	<u>(640,233)</u>	<u>260,411</u>	<u>(2,906,077)</u>	<u>1,463,673</u>	<u>(28,603,099)</u>	<u>63,655,416</u>
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	<u>87,234,161</u>	<u>6,846,580</u>	<u>(640,233)</u>	<u>260,411</u>	<u>(2,906,077)</u>	<u>1,463,337</u>	<u>(36,119,719)</u>	<u>56,138,460</u>

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

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1- Brief on "The Parent company"

AAN Digital Services Holding Company (Previously: Hits Telecom 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. Where the name of "the Parent company" was changed and registered in the commercial registry on July 13, 2017. "The Parent company's" shares are listed on Kuwaiti Stock Exchange Market.

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 estates necessary to initiate its activity in accordance with the Law.
- Utilizing the surplus funds by investing them in investment and real estate portfolios managed by specialized companies and institutions.

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

"The parent company" operates its activities according to Islamic sharia regulations.

The registered Head Office of "the parent company" is: Sharq Area - Complex/ Mohamed Salah Yousef Bahbahani – Floor (3) – Kuwait City.

The interim condensed consolidated financial information for the Nine months ended September 30, 2017 were authorized for issue from the Board of Directors on November 2, 2017.

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, 2016.

During the period "the Group" has adopted all the standards that came into effect for annual periods beginning January 1, 2017. The adoption of these standards did not have any material impact on this interim condensed consolidated financial information.

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In the opinion of 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 year ending December 31, 2017. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2016.

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

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2017 did not have any material impact on the accounting policies, financial position or performance of "the Group".

2/2) Critical Judgments and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying "the Parent company's" accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2016.

3- Subsidiaries

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

	Country of incorporation	Ownership percentage		
		September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Qanawat Holding Company B.S.C - closed	Bahrain	99%	%99	99%
On Touch General Trading Co. (Previously: Elite Telecommunications Services for 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 interim condensed consolidated financial information for all subsidiaries has been consolidated based on the financial statements prepared by the management for the Nine months period ended September 30, 2017, total assets of these subsidiaries included in the interim condensed consolidated statement of financial position are KD 32,678,482 and their net loss included in the interim condensed consolidated statement of profit or loss is KD 1,186,605.

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4- Intangible assets

This item represents key money amounting to KD 145,487 as of September 30, 2017 (KD 127,149 as of December 31, 2016 KD 180,301 as of September 30, 2016) and a Goodwill amounting to KD 14,038,907 as of September 30, 2017 (KD 14,202,148 as of December 31, 2016 KD 14,015,057 as of September 30, 2016) 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- 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, 2017	December 31, 2016 (audited)	September 30, 2016
Balance at January 1,	17,139,065	22,169,508	22,169,508
Impairment loss on value	-	(5,030,443)	-
Balance at September 30,	<u>17,139,065</u>	<u>17,139,065</u>	<u>22,169,508</u>

Investments have been recorded at cost less impairment in value due to the unavailability of a reliable method to measure the fair value at the date of the interim condensed consolidated financial information.

6- Loan to a related party

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

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

Due to the discontinuity of Hits Africa Company's business (Ltd)- Cayman Islands (Previously: an associate company) 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 and its external counsel deem 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.

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7- **Accounts receivable and other debit balances**

	September	December	September
	30, 2017	31, 2016	30, 2016
		(audited)	
Trade receivables	1,118,646	675,354	1,437,604
Provision for doubtful debts	(175,559)	(175,559)	(152,132)
	943,087	499,795	1,285,472
Accrued commissions	1,150,043	1,625,883	2,022,775
Accrued income	2,576,372	1,821,630	1,680,208
Letters of guarantees	1,085,304	1,008,293	582,747
Prepaid expenses	302,473	451,187	369,731
Staff receivable	186,311	332,647	3,996
Refundable deposits	17,826	345,603	298,026
Advance payments	2,727	2,950	-
Other	295,199	25,451	40,408
	6,559,342	6,113,439	6,283,363

8- **Transactions with related parties**

Related parties comprise of associates, major shareholders, Board of Directors and 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:

	September	December	September
	30, 2017	31, 2016	30, 2016
		(audited)	
Interim condensed consolidated Statement of financial position			
Finance, joint ventures and mudaraba	911,209	911,209	911,209
Due from related parties	1,145,440	1,046,462	2,062,924
Due to related parties	113,909	133,872	676,536
Available for sale investments	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.

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(Unaudited)*"All amounts are in Kuwaiti Dinar unless stated otherwise"***9- Accounts payable and other credit balances**

	September 30, 2017	December 31, 2016 (audited)	September 30, 2016
Trade payables	3,198,860	5,495,255	4,518,175
Accrued expenses	990,805	712,863	1,327,327
Deferred cheques	502,247	-	-
Advance payments from customers	-	37,093	-
Other	481,327	622,580	351,774
	<u>5,173,239</u>	<u>6,867,791</u>	<u>6,197,276</u>

10- Revenue

The decrease in "the Group's" operating income for the period ended September 30, 2017 resulted from a decrease in revenues of one of the subsidiaries operating in the Kingdom of Saudi Arabia as a result of the following:

- The application of new laws by the Saudi Telecommunications Regulatory Commission, which determined the number of Sim cards to be recorded for each person, this accordingly was reflected in the decrease in the number of Sim cards sold during the period.
- Geographical distribution of the approved agents to work in specific limited areas based on the key operator's plan that has been approved and which had an impact on the company's revenues.

11- (Loss)/earnings per share (Fils)

(Loss)/earnings per share is computed by dividing the net (loss)/profit 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	
	2017	2016	2017	2016
Net (loss)/ profit for the period	<u>(489,264)</u>	<u>(484,343)</u>	<u>(1,551,141)</u>	<u>588,031</u>
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	<u>(7,319,654)</u>	<u>(7,319,654)</u>	<u>(7,319,654)</u>	<u>(7,319,654)</u>
Weighted average number of shares, less treasury shares	865,021,956	865,021,956	865,021,956	865,021,956
(Loss)/earning per share (Fils)	<u>(0.56)</u>	<u>(0.56)</u>	<u>(1.79)</u>	<u>0.68</u>

12- Shareholders' General Assembly

On July 9, 2017, the Ordinary General Meeting of shareholders was held which approved the following:

- Adoption of the consolidated financial statements for the year ended December 31, 2016.
- Non-distribution of profits for the financial year ended December 31, 2016.
- Non-distribution of remunerations to the Board of Directors for the financial year ended December 31, 2016.

The Extraordinary General Meeting of the shareholders was held on July 9, 2017 and approved the change of the name of "parent company" to Ann Digital Services Holding Company – K.S.C Public (Previously: Hits Telecom Holding Company).

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13- 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:

<i>Region</i>	<u>The Nine months ended September 30, 2017</u>		<u>The Nine months ended September 30, 2016</u>	
	<u>Revenues</u>	<u>Non-current assets</u>	<u>Revenues</u>	<u>Non-current assets</u>
State of Kuwait	3,601,643	30,112,639	5,390,294	29,583,159
Outside Kuwait				
Kingdom of Saudi Arabia	19,070,523	14,084,897	65,785,246	15,244,845
UAE	2,895,671	24,018	-	-
Bahrain	-	5,929,587	-	11,580,768
	<u>25,567,837</u>	<u>50,151,141</u>	<u>71,175,540</u>	<u>56,408,772</u>

14- 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	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Available for sale investments	17,139,065	22,169,508
Investment in joint venture	14,274	789,847
Accounts receivable and other debit balances	6,559,342	6,283,363
Due from related parties	1,145,440	2,062,924
Loan to a related party	18,686,527	18,686,527
Investments at fair value – statement of profit or loss	42	201,649
Cash and cash equivalents	495,068	687,182
	<u>44,039,758</u>	<u>50,881,000</u>

AAN Digital Services Holding Company

(Previously: Hits Telecom Holding Co.)

K.S.C. Public

and its subsidiaries

Kuwait

Notes to the interim condensed consolidated financial information for the nine months ended September 30, 2017
(Unaudited)*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

Financial liabilities	September 30, 2017	September 30, 2016
Due to bank	-	302,173
Accounts payable and other credit balances	5,173,239	6,197,276
Due to related parties	113,909	676,536
	<u>5,287,148</u>	<u>7,175,985</u>

Fair value of financial instruments

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on future discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Fair value of the non-derivative financial instruments is not materially different from its respective carrying value.

15- Lawsuits

"The Group" has some potential lawsuits represented in cases pending at various levels of judgment with other parties and it could not determine their outcome until to the date of interim condensed consolidated statement of financial position. Therefore "the Group's" management believes that there is no need to make provision for these amounts until determining the outcome of these claims and issues.